

# Real Money Perspectives

23rd Anniversary Special Edition  
USD \$19.95

## ECONOMIC SOLUTIONS FOR THE 21ST CENTURY

**IN THIS ISSUE**

- **Shrinking Dollar Alternatives**
- **Metal & Coin Market Trends**
- **Debt & Deficit Elimination**
- **Social Security Reform**
- **Liberty Lost & Found!**

## INTRODUCTION:

# ECONOMIC SOLUTIONS ... YES, BUT WHERE?

*"It is a characteristic of wisdom not to do desperate things."*  
-Henry David Thoreau

**Today's world is heavy-laden with "desperate" social, economic and political conundrum and appears very skimpy on real solutions.**

The best and brightest minds on Wall Street have been befuddled by the major financial paradigm shift of the 21st century -- away from paper assets and toward tangible assets.

But not our readers. Swiss America's *Real Money Perspectives* has told the financial truth for two decades now. Over the last five years, we've even posted daily economic news and views at [swissamerica.com](http://swissamerica.com) to help our readers avoid *desperate* investing.

This 23rd Anniversary Special Edition of RMP contains the best of the best news and views. Our premise, first penned by Craig R. Smith, Swiss America CEO in his book, *Rediscovering Gold in the 21st Century*, is a simple, 21st Century Investment Commandment: **"Thou Shalt Diversify Assets to Include Tangible Assets!"**

**The information age has both helped and hurt investors at the same time. Why?**

- \* Too much bogus information.
- \* Too many inflated funds.
- \* Too many overvalued stocks.
- \* Too many "insider deals" that relied on the passe market fundamentals of the 1990s (a perpetual bull market) which abruptly reversed in 2000.
- \* Too many "desperate" brokerage firms trained how to *"Put some lipstick on this pig and sell it!"* which have resulted in scandalous behavior on Wall Street.

The 21st century financial world requires successful investors are able to factor in a growing number of threats to our life, liberty and assets, such as; war, terrorism, record debt and deficits, a declining dollar, market manipulation, retirement and pension crises, etc.

So far in the 21st century, commodities and collectibles have had the best growth record. The \$64,000 question is, **"Will the bull market in tangibles last?"**

You, dear reader, must decide that for yourself after looking at the facts presented in this issue whether or not we are presenting financial wisdom or simply the latest financial fad.

Fads are trendy schemes that usually start at the top -- with mass media promotion, glitz, glamour, sex appeal, sparkling teeth, etc ... and then work there way down to the masses.

In contrast, **"Wisdom"** is defined as *"the ability to discern, or judge what is true, right, or lasting; insight. 2. Common sense; good judgment."*

**"Financial wisdom"** would then be defined as *"the ability to discern, or judge which investments are true, right, or lasting and therefore represent common sense and good judgment"* ... and which investments do not.

Thank you in advance for investing the time to investigate a long-term-economic-solution-strategy together with us! At Swiss America, our goal is to present hopeful, tangible alternatives to financial "desperation," gloom, or doom.

*At your service,*

**David M. Bradshaw**

Editor, *Real Money Perspectives*



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# 3-D Economics In The 21st Century

By Craig R. Smith, CEO, Swiss America

## PREFACE

"It's the value's, stupid," writes an 18-year old conservative published at swissamerica.com. And boy, is he right on -- not just from a social and political perspective, but from an **economic** perspective.

Real value is what investors, wage earners, homemakers, retiree's -- everyone seems to want. Even our kids are searching for true value (and values) today. But for too many, value and true "wealth" are very illusive - which would explain why, according to the Social Security Administration, over 50% of the people who retire at age 65 retire broke and need to work or get support from friends and family.

So it is obvious that Americans need some help with financial stewardship from someone. What's that you say? Wall Street can manage it for us? Ha! Sure, better than government perhaps, but let's get serious about taking personal responsibility for our financial future instead of playing the blame game now - and playing the broke game later. There is no time left to gamble with our future.

Let's face it, stocks have been hitting a glass ceiling ever since scaling the 2000 heights. Bonds may be "safe" but they require great confidence in the U.S. dollar, which many feel is very misplaced. Real estate is a great long-term investment, but it can become a burden during tough economic times. So that leaves commodities and collectibles - which have both been rising nicely since 2001-02.

Debt, deficits and the U.S. dollar are the primary components of what I call The "3-D" Economics that all Americans must face in the 21st century. We will examine each of these weakest links for clues about the future trends -- based on the past experience and present realities. Our goal is to help you arrive at some "economic solutions" by the end of this Special Issue.

**The real question today is:** Are we moving toward a recovery, financial certainty and debt reduction... or are we moving toward financial uncertainty and a debt explosion that could blast us toward another recession? Or worse?!

Very few analysts are right all the time, and since our 5-year track record is still unbroken -- just to be safe -- we'll let our readers decide. Either way, tangibles are now all the rage, just like we've said over the past five years, and likely will be for *another* five years.

## I. THE IN-CREDIBLE SHRINKING DOLLAR

### RECENT U.S. DOLLAR HEADLINES;

- "Dollar Tumbles on Central Banks's Shifts" -Reuters
- "Gates, Buffett and China Gang Up on Dollar" -Bloomberg
- "Buffett sees no way but down for US dollar" -AP
- "Weak US\$ in '05 to get worse before better" -Reuters
- "2005: Year of the weak dollar" -AFP
- "A Hurting Dollar Pains the World" -MSNBC
- "OPEC Dumps the Dollar" -NewsMax
- "How to profit on a weak dollar" -CNN
- "Dollar under heavy selling in Shanghai" -Xinhuanet
- "Japan threatens huge dollar sell-off" -Guardian
- "Dollar slide to continue" -UBS Warburg
- "Makings Of A Meltdown: Dollar Stamped" -BusinessWeek
- "Dollar's Fall Tests Nerve of Central Bankers" -NY Times
- "The passing of the buck?" -The Economist
- "Dollar's plunge a blight, not a benefit" -MSN
- "Why the World Needs a Weaker Dollar" -Morgan Stanley

### INTRODUCTION: The Dollar Domino Effect

The decline of the U.S. dollar has now moved into phase two, what I call the *The Dollar Domino Effect*.

First it was Warren Buffet, then Bill Gates, then George Soros, now even our allies like the Korean central bank are starting, one by one, to diversify out of U.S. dollars and into other forms of money. And who can blame them?

If a dollar is viewed as a unit of measurement for the world's confidence in America's ability to manage and reduce our trillions in debt, it is likely due for another major decline in 2005.



Devaluing the dollar is the market's way of correcting the U.S. trade deficit. Alan Greenspan recently said that either the value of the U.S. dollar... or the trade deficit... has to decline. Both cannot continue rising, but U.S. interest rates WILL continue rising in 2005.

The U.S. dollar has now lost over 40% of its buying power against the euro since 2001 -- and that's under a "strong dollar" policy from the the White House! Can you image what the next four years hold in store for the debt-burdened dollar? I can. Hold on to your wallet, a surge in the cost of living is coming at you in 2005 and beyond.

Sure, a lower dollar has some benefits, such as lowering the trade deficit and increasing U.S. manufacturing competitiveness abroad. "Provided the currency shift doesn't get out of hand, a sustained but managed weakening of the dollar is good news for the global economy and world financial markets," says Morgan Stanley Economist, Stephen Roach.

But, the price impact of a falling U.S. dollar is already starting to wash up on American shores as the European manufacturers raise prices to offset lost profits. The effects of a weaker dollar will fall heaviest upon 'We the People' who are the ultimate victims of declining dollar-denominated assets.

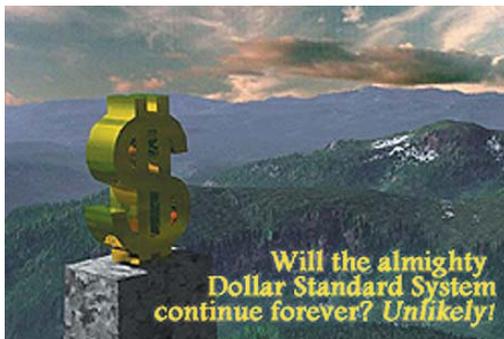
Investors are voting with their feet, moving in droves out of U.S. dollars and into foreign currencies and gold. Bloomberg reports; "The real risk is that the sharper and the quicker the dollar falls that these investors pull out pretty quickly from U.S. markets..." DaimlerChrysler AG, the world's fifth-largest carmaker reports, "We weren't prepared for the dollar to be at this level ... and 2005 won't be an easy year."

The dollar can add the world's two richest men to its list of detractors. Bill Gates, chairman of Microsoft Corp., left no doubt of that, admitting "I'm short the dollar." Gates, the world's wealthiest man called the record \$7.62 trillion federal debt "a bit scary" and lamented that the U.S. is in "uncharted territory" fiscally. This news comes on the heels of Warren Buffet's similar statements to the editor of Forbes in January 2005.

## THE LESS-MIGHTY DOLLAR

Why would foreigners want to hold assets in U.S. dollars, is becoming the new question around major corporate boardroom tables. Would you want to own something that seems destined to fall in value? I hope not! It is not good business, nor a profitable investment strategy.

Let's say there are two corporations: Company A and Company B. The first company issues stocks and bonds and uses the proceeds to invest in plant equipment and research and development. The chances are high that in the future it will enjoy stronger profits and be able to pay the interest on its debt and a dividend on its stock. Investors are likely to be attracted to it.



Company B also issues stocks and bonds, but it uses the proceeds to throw lavish parties for senior management. That might call into question its ability to make profits and pay dividends and the interest on its debt.

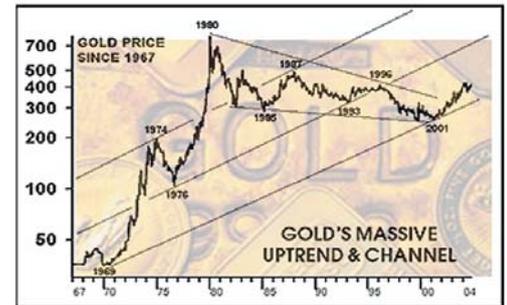
"In recent years, the U.S. economy has seemed to more resemble Company B," says Paul Kasriel, Northern Trust's director of economic

research. "We're using the \$1.8 billion a day we borrow from foreigners to buy more and bigger SUVs and houses, not to mention all the things the government is spending money on. Those aren't investments that will enable us to grow faster in the future. And if the economy doesn't grow our standard of living won't grow, either, especially after making interest and dividend payments to the rest of the world."

At some point, the declining dollar is likely to make U.S. stocks less attractive. In the meantime, Kasriel says, it has boosted the earnings of U.S. multinationals, which earn profits in stronger foreign currency and translate them back into more dollars.

## THE GOLD BULL MARKET, PHASE II

Gold prices punched through 17-year highs of \$455/oz on Nov 26, 2004, and has risen 60% since the 2001 low of \$256/oz. -- and the gold market has had to fight for every dollar it has advanced.



Wall Street recently started pushing their new gold "Exchange Traded Funds" (ETF's). Remember, ETF's are paper *not* gold. Physical ownership of gold is one of the last opportunities we have to maintain 100% control of our gold assets. So-called "gold-backed ETF's" are still someone else's liability, which could drop in value -- even if gold prices rise!

Article after article in the financial press warns us about dollar weaknesses and with all eyes now expecting this, the market may need to consolidate in the short term. The dollar's failure to react positively to better U.S. economic data and weaker data in Japan and Europe may not last, if more good data emerges. We'll see.

In the meantime, the next leg of the new bull market in gold, silver and other commodities is well on it's way and should take gold prices to the \$475-\$525 level very soon.

"And suddenly, like the Phoenix rising from the ashes, real money, better known as gold, creeps into the consciousness of Wall Street," says Richard Russell of The Dow Theory Letter. Mr. Russell recently told the London Financial Times, "We are now in the second phase of the gold bull market - the phase when the public gradually becomes interested. I think gold will hit \$1,000 before this bull market is over."

"The best way for investors to think about gold," says Bill Fleckenstein, a Seattle hedge-fund manager who has made a tidy profit on metals investments this decade, "is to see it not as a \$440 metal but as a \$4.40 stock that might trade for \$4 over the short term but could well be an \$8 to \$10 stock depending on how the world comes to view the US dollar". FT sums it up saying, "In other words, it is not too late to add a little glitter to your portfolio."

I think the next phase of this bull market will send gold prices up in ALL currencies, not just the U.S. dollar. Gold has already broken out to the upside in Yen and I expect the Euro will not be far behind.

*The New York Times* reports, "Europe is in the midst of another bout of angst over its currency, which has risen nearly 7 percent in the last two months, amid signs the Bush administration will tolerate a prolonged weakness in the dollar."



### IS THE U.S. PURPOSELY KILLING THE EURO?

The Fed and Bush administration know that the euro's ultimate aim is by necessity to slowly attract foreign investors and central banks to the euro and away from the dollar. But they also know that an explosively upward rocketing euro will wreck the Europeans' major economies in a heartbeat. As a result, "The U.S.

*game is to allow the dollar to drop lower - and faster than the Europeans' fragile economies can tolerate!"* according to economist Alex Wallenwein, Editor & Publisher of "The Euro vs Dollar Currency War."

*"In the meantime,"* Alex continues, "China and the Muslim nations are playing another game, altogether. Every time the dollar drops, they are buying gold. The lower the U.S. lets its currency fall, the more temptation the Asians feel to dump their U.S. debt holdings, as they see their U.S. "assets" depreciate with every tick lower by the dollar on its journey into forex 'Hades.' At some point, this temptation will become overwhelming. The U.S. is currently betting that the Asians' point of no return comes after that of the Europeans. I don't think that's a safe bet to make."

Bloomberg news reports; "India and Russia have reportedly been selling U.S. assets, as well as petrodollar-rich Middle Eastern investors. China, which has \$515bn of reserves, was also said to be selling dollars and buying Asian currencies in readiness to switch the renminbi's dollar peg to a basket arrangement, something Chinese officials have increasingly hinted at. Any re-allocation could push the dollar sharply lower and Treasury yields markedly higher."

### HOPING FOR A DOLLAR RECOVERY?

*"Is there hope for the recovery of the U.S. dollar? If not, what will happen?"* writes Jack W. to AskMrSmith.com. My answer ..."Hope is based upon faith, and faith is based upon confidence and substance, at least in the financial world."

Today's dollar, devoid of any substance, is purely symbolic of the American dream. Sadly, U.S. dreamers are no longer working hard and saving, but instead, spending hard and borrowing more.

The U.S. debt limit must soon be extended from \$7.6 Trillion to infinity, or else the "strong dollar" era must soon end. The dollar today faces two major foes in the near term; The Euro

and Gold -- both of which benefit from the dollar's demise, but Gold alone is the ultimate form of money.

When confidence in the U.S. dollar finally does collapse, we will experience the deepest recession in decades, along with runaway cost of living increases (inflation) which will turn millions of American dreamers from princes into paupers... unless they have converted some symbolic money (dollars) into substantive money (gold). Read more in Chapter One of my book ... "Substance Over Symbolism: The Folding, Spindling & Mutilating of America's Money System" free online at [www.rediscoveringgold.com](http://www.rediscoveringgold.com).

### \$20 BILL VS. \$20 GOLD COMPARISON

If we could step back into the early 1920's, a \$20 bill and a \$20 gold piece worked exactly the same in our economy. It used to be that you could go down to a local men's shop and buy a beautiful three-piece suit with either a \$20 bill or a \$20 gold piece.

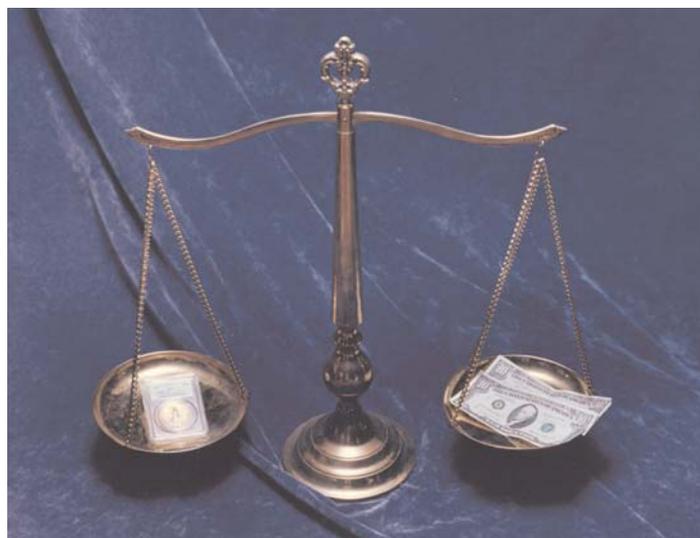
Now lets accelerate ahead in history 85 years later to 2005.

Let's say you walk into a clothing shop with a \$20 gold piece and a \$20 bill, and what happens? Well, with a \$20 paper bill, you'd be lucky to find a nice tie, but a \$20 gold piece, even in the worst condition is worth \$500, still ample enough money to buy a nice suit today.

Did the \$20 paper bill maintain buying power? No! If you look at American history, it illustrates that gold will always outperform it's paper counterpart over the long haul.

Do you want to have all of your money in paper, or should you have a little of your money in real money -- gold?

Today may be one of the best (and last) great opportunities to convert some of your paper dollars into gold, before your dollar-denominated portfolio suffers another 40% decline in value over the next 4 years -- as the government continues to allow a declining dollar to create a falling U.S. standard of living.



## II. DEBT CRISIS AHEAD

The total U.S. national debt has now topped 7.6 TRILLION. The buying power of the U.S. dollar has now dropped to just 2 CENTS since the FED began printing in 1913.

- \* No wonder twenty-five cent gasoline is now two dollars!
- \* No wonder a new car that was under \$10,000 is now \$30,000.
- \* No wonder no political party can stop inflation -- it's built into the American financial system to accommodate our modern credit-debt-based lifestyle.



Debt and credit has become America's drug of choice. "Buy now - pay later," has become the new mantra of the last 40 years, but it has put a heavy burden upon our money system, our communities and our families.

The modern disintegration of the family, teenage suicide, rising divorce rates and bankruptcy are just a few of the visible casualties of putting present wants before future needs and can be traced back to debt/credit abuse. I say let's... 1) Admit that debt is America's greatest drug problem today, and then 2) Start living within our means by either spending less or earning more.

Sadly, few Americans are prepared to face the coming debt crisis with a solid financial house that is not built on a *paper* foundation, or real estate valuation on *paper*. **Gold is the monetary anti-drug because it doesn't feed the credit habit. It's a 100% pure asset!**

George W. Bush is the first U.S. president in history to confront what experts across the political spectrum describe as an impending "fiscal catastrophe" right around the corner: Social Security and Medicare underfunding.

Today's astronomical federal debt is coming due just as the Baby Boomer generation will begin to collect Medicare, Medicaid and Social Security. This wave of change is so enormous that many economists agree that it may trump GW Bush's promises of ... more tax cuts, health care reform, let alone the urgently needed 2,000 new US/Mexico border/immigration inspectors!

"Chilling" and "infeasible" are the words U.S. Comptroller General David Walker uses to describe the budget outlook. Perhaps the best word to describe America's looming debt/credit crisis is irresponsibility -- at all levels.

The size, role, and intrusion of today's Federal government would be unfathomable from our founder's perspective. It was the dream of our forefathers that "government" would start first within each citizen, aka "self-government." That means putting our future *goals* ahead of our present *wants*.

My question? How will our kids and grandkids survive during the coming inflation - when the U.S. dollar collapses under the weight of OUR generation's entitlements... deficits... and DEBT! It will begin to happen by 2010, in just five short years, unless something is done NOW!

## III. SOCIAL SECURITY REFORM

*"Social Security, on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security. Your money will grow, over time, at a greater rate than anything the current system can deliver and your account will provide money for retirement over and above the check you will receive from Social Security,"*

**-President George W. Bush**

State of the Union Address, 2/2/05

I want to applaud GW Bush's courage to take on Social Security reform, the so-called untouchable "third rail" of politics. In his State of the Union Address, president Bush placed Social Security reform at the very top of his agenda, officially putting it ahead, in importance, of the war in Iraq. This was his first State of the Union as a second-term president, and a vast contrast to the address three years ago in which he prepared the American public for the war on terror and also seemed much less confident.

Although his speech revealed few details of his reform plan, a central element relies on younger Americans investing some agreed upon percentage of their payments into private, government-approved accounts that would be invested in "qualified investments." Only those born after 1950 would be eligible to do so.



## A PLAN TO UNITE AMERICA

Instead of dividing the nation, as politicians so often do, I think the issue of Social Security reform could actually be an enormous vote-getter for both the Republicans and Democrats alike IF they will unite behind a marketable plan, such as H.R. 4851 proposed by Rep. Paul Ryan (R., Wis.) and Sen. John Sununu (R., N.H.) with no benefit cuts and no tax hikes. (Also known as the "Social Security Personal Savings and Prosperity Act")

Under Ryan's proposal workers would be able to shift to their personal accounts 10 percentage points of the current 12.4% Social Security payroll tax on the first \$10,000 of wages each year (\$1,000) and 5 percentage points on all taxable wages above that. People could put up to \$5,000 a year into their personal accounts. This would come to an average contribution of 6.4 percentage points among all workers.

Serious Social Security reformers must make the case to workers in terms of their financial benefits from private accounts. The Ryan-Sununu bill would give workers higher monthly benefits of 30 to 40 percent over their retirement years according to the research of Let Freedom Ring, Inc. who has developed a new tool for long-term analysis called "The Templeton Curve."

The Templeton Curve was named for Dr. John M. Templeton, Jr., the son of Sir John Templeton, founder of the Templeton Funds, who was recently hailed by Money magazine as the "greatest stock picker of the [twentieth] century." This tool can help to chart the cash flow impact of any Social Security proposal. The span of time measured is seventy-five years. The basis for the Templeton Curve is the cash flow analysis portion of the "Financial Effects" studies performed by the Office of the Actuary of the Social Security System.

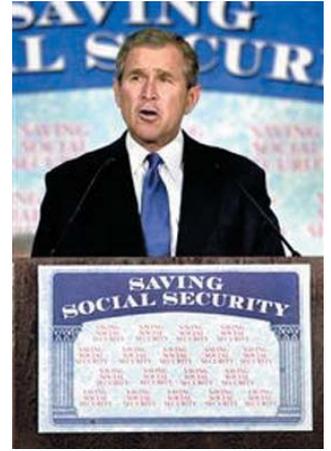
So far, only two reform Social Security reform proposals have been scored according to this Templeton Curve system by the Office of the Actuary: The Ryan-Sununu Bill, also known as the "Social

Security Personal Savings and Prosperity Act" and the Kolbe-Stenholm proposal, also known as "The Bipartisan Retirement Security Act".

For the first time, the Templeton Curve makes it possible to see the effects of these various complex proposals in terms that are easy to grasp, both visually and conceptually.

As you can see, the Ryan-Sununu Bill is the winner hands down over the long haul.

## How can supporters of Social Security reform make a more popular case for private investment accounts?



### I suggest seven strategies:

**1. STRESS THAT SOCIAL SECURITY REFORM SAVES - NOT COSTS - MONEY.** The creation of private investment accounts is said to cost \$2 trillion, but it saves \$11 trillion in later years. Since young workers eventually will receive their benefits from their private accounts, government will no longer bear the obligation to pay those benefits. Wouldn't most Americans invest \$2 now to get \$11 back in 20 years?

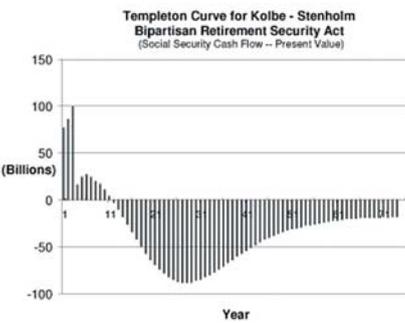
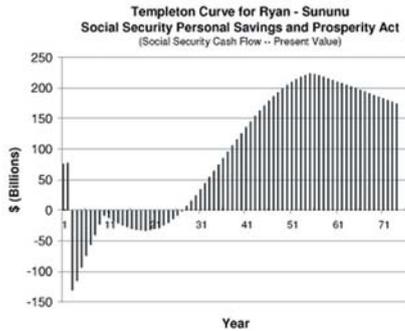
**2. STRESS THAT THE SOCIAL SECURITY CRISIS IS FAR FROM IMAGINARY.** Ever since Paul Krugman of the NY Times wrote that Social Security isn't broken, this has become the rallying cry of the left. But many analysts find just the opposite. Even the Social Security Administration's own actuaries see doom and gloom if reform steps aren't taken now. It's simple math! Interestingly, Mr. Krugman called Social Security a "ponzi scheme" back in 1986.

**3. EXPOSE OPPONENTS FOR WANTING TO RAISE TAXES.** If benefits are not cut, and private accounts not created, the only option is to raise taxes on workers to cover gigantic funding shortfalls. The option of doing nothing now, really means raising taxes a lot, later.

**4. STOP TALKING ABOUT BENEFIT CUTS IN THE FUTURE.** Trimming Social Security benefits in the future risks an enormous political backlash against the reformers in both parties. The truth is that personal accounts for Social Security will allow Americans to have higher, not lower retirement benefits. Cutting social security benefits to get private accounts is like "paying for tax cuts" with other tax hikes.

**5. MAKE THE ACCOUNTS BIG AND MEANINGFUL.** Big accounts, like the 6.4 percent accounts under Ryan-Sununu will accumulate large amounts of dollars quickly. These large accounts thus help lower the long-term funding problem because workers will no longer need to draw on promised benefits.

**6. STRESS PRIVATE OWNERSHIP AND CONTROL.** The issue of Social Security is not so much about financial viability as it is about who should control your money? The worker or the government. Private accounts empower workers with control of their own money. That is a powerful free-market concept.



Source: Social Security Administration, Office of the Actuary. Estimated Financial Effects of Ryan - Sununu (July 19, 2004) and Kolbe - Stenholm (February 11, 2004)

## RETIREMENT OWNERSHIP STRATEGIES

*"A good man leaves an inheritance for his children's children."*  
-Proverbs 13:22

The good news is that George Bush wants private investment accounts to be the centerpiece of any reform plan. These private investment nest eggs give workers financial security that comes with personal ownership. Mr. Bush also wants to put the Social Security system on a sounder financial footing by erasing at least a portion of the long-term unfunded liability of the system. Today, those liabilities - the promises to pay benefits above and beyond the payroll tax collections - exceed \$10 trillion. Medicare's unfunded liability is even more daunting, somewhere near \$34 trillion, according to Forbes.

**7. ALLOW RETIREMENT ACCOUNTS TO INCLUDE QUALIFIED TANGIBLE ASSETS.** If the government were to allow the same type of investments that are currently allowed in individual IRA accounts, then U.S. gold and silver coins could serve as a hedge against a falling dollar, rising interest rates and a stagnant or falling stock market, as Dr. Ray Lombra illustrated back in 1998 for a Congressional Study.

**OVERCOMING CRITICS**

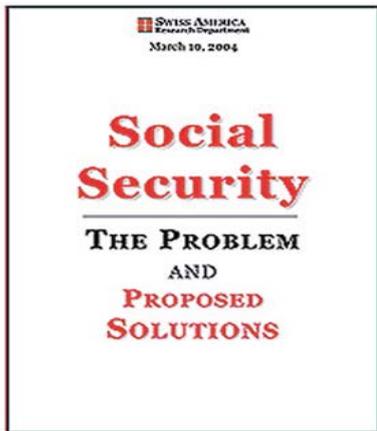
GW Bush won the Social Security debate during the presidential campaign by talking about core American values: private ownership, fiscal responsibility, worker empowerment, and caring for the future of our children and grandchildren. This is how reform triumphs over rhetoric. Fellow conservatives endorsing The Ryan-Sununu Bill, including Newt Gingrich, The Heritage Foundation, CATO Institute, Steve Forbes and many more.

The most difficult issue is to convince Democrats that we should move away from a Welfare State and toward a Freedom State. Thankfully, Mr. Bush is smart to take his arguments to the people -- who can then pressure Democrats to support it.

Critics of privatization are concerned that Wall Street today NEEDS the boost from trillions of dollars of Social Security's money into the speculative markets to help prop up the stock market, the U.S. dollar and help cover the United States' bulging current account deficit. This is simply not the case. While it may have a positive effect on capital markets it does allow you to control your money.

I suggest that any privatization plan allows the inclusion of U.S. gold coins as a safe haven for stock market uncertainty -- and which has also proven over the last 5 years to have an excellent growth potential, rising over 60%.

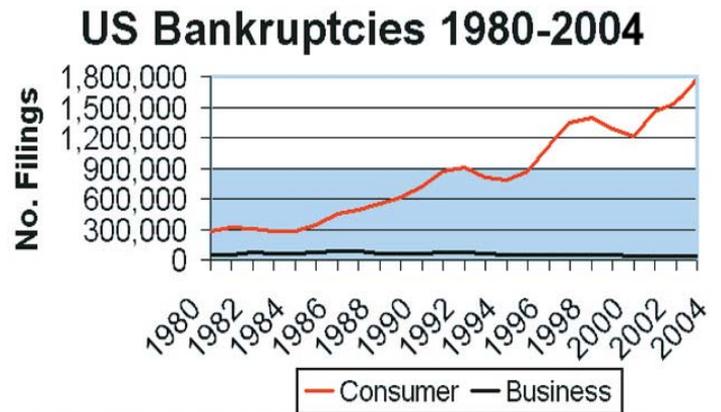
Bottom line: We must do something now, or make our kids face the consequences later. I say we do it now, as president Bush said, for the sake of "The State of Our Kids Union"! (see *Social Insecurity* Special Report)



**CONCLUSION: AVOIDING "THE CREDIT TRAP"**

I recently read that nearly two million Americans filed bankruptcy last year! That's about one in 100 Americans who are caught in what I call "the credit trap."

The fact is, credit can be an asset, when used in moderation for productive enterprise AND when paid off promptly. But credit's darker side, DEBT, can be a terrible curse when it is used for personal consumption by those without self-control to live within their means.



Prepared by BankruptcyAction.com from data collected by the Administrative Office of the Courts.

**Bankruptcies have doubled in the last decade!** Credit allows us to acquire things today based on the presumption that we can pay later, but this a very dangerous presumption.

The whole idea of loaning credit, then charging interest on the loan, is as old as recorded history. The first recorded credit issuers were found in Babylon -- when men began exchanging their productive labor and tangible goods for credit receipts issued by Babylonian bankers on clay tablets. These receipts became the "money" of the day, similar to our paper "dollar" money system.

My point is that the temptation of the credit trap is not new. Today, as in ancient Babylon, merchants and banks continuously tempt us to cast caution aside and enter into debt to gratify our immediate wants and needs. When we sign a promise to pay for an item on credit, we are voluntarily giving up our God-given rights of life, liberty, and private property to the creditor. We are, in essence, pledging our future to serve another master ... DEBT, despite the historical warning, "You cannot serve two masters."

**Are you caught in a credit trap?** There are many good resources out there to help you avoid it or help you get out of the credit trap. Use them!

My deep concern is that, as a nation, we are on the verge of seeing our whole economic system collapse unless "We the people" begin to shun debt and start sacrificing to save. Let's be bold enough to say "NO!" to non-productive debt so that we won't have to face the upheaval of going bankrupt, either personally or nationally.

Understanding 3-D economics in the 21st century means that we should begin to shun debt, send a message to our local, state and federal government to shun deficit spending and avoid having all your assets in dollars -- in favor of tangible assets like gold and silver coins. Remember: true wealth means living within your means with contentment. -CRS

**Craig R. Smith** is president and CEO of Swiss America Trading Corporation, one of the largest and most respected investment firms in the U.S. Since 1982, Craig has proven his dedication to education and public service in very tangible ways.



# REAL ASSETS CREATE REAL WEALTH

By John WAGGONER, USA TODAY

Jan 14, 2005

Some of the sharpest minds on Wall Street are betting that you'll make more money in metals than Microsoft in the next few years. The new bull market is in stuff, not stocks, they say.

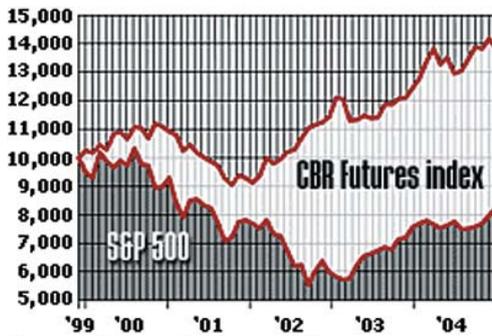
We're talking about land, oil and gold, the commodities that once made John Jacob Astor, John D. Rockefeller and the Hunt brothers very rich men.

Stocks have languished the past five years, but commodities -- real assets that you can touch, see or taste -- have soared.

The Commodities Research Bureau index, which measures a basket of commodity prices, has gained 36% since the end of 1999. The Standard & Poor's 500-stock index, which measures the performance of a basket of high-quality stocks, is down 20%.

## Stocks squeak, commodities roar

Stocks suffered an excruciating bear market from 2000 through 2002, but commodities have been in a raging bull market. How a \$10,000 investment in the Standard & Poor's 500 stock index has fared vs. the CRB Futures index since the end of 1999.



Sources: Commodity Research Bureau, Microsoft Investor

A soaring commodities cycle can go on for "years, if not decades," says John Brynjolfsson, manager of Pimco Commodity Real Return Strategy fund, one of the few mutual funds that invests in commodities futures.

That means we could be in the early stages of a seismic shift in the financial markets: a bull market in commodities that could last another 10 years. A rip-snorting market in sugar, steers and steel would send shivers through Wall Street. "When you have a bull market in commodities, you don't have one in stocks," says Jim Rogers, co-founder of the Quantum fund, a high-octane hedge fund.

That has sent investors flocking to commodities. Volume on the commodities exchanges is soaring. Trading in agricultural futures at the Chicago Mercantile Exchange rose 15% last year. Overall commodities trading rose 31%, vs. 12% for the New York Stock Exchange.

For the most part, investing in commodities is a route the well-off take to greater wealth. Already, the latest commodities run-up is creating a new generation of land and oil barons among the USA's richest people. But even little-guy mutual fund investors are being lured by the call of gold, coal and real estate.

## Learning from the past

The last big boom in commodities began in the 1960s, as late as 1982, when the cycle was almost finished. Many of the nation's self-made millionaires -- people such as Marvin Davis and T. Boone Pickens -- had made their money in assets such as land or oil. One of the most popular TV shows of the era, Dallas, was centered around an oil baron, the nefarious J.R. Ewing.

But by 1999, most of the wealthiest had made their money through initial public offerings of telecommunications, software and computer companies.

Now, five years later, talk about a change in fortune: Most of the 45 new members of the 2004 Forbes 400 list of the nation's wealthiest people made their fortunes not through stocks but stuff such as natural resources, hotels, shoes and sandwiches.

Dan Duncan, for example, made his \$4.2 billion in natural gas. Leonard Blavatnik got his \$2.4 billion in oil, coal and real estate. Evgeny "Eugene" Markovich Shvidler rode oil to his \$1.8 billion. Only four of the 2004 newbies made their fortunes in technology.

Suddenly, investing in commodities no longer seems quite as unsavory to investors, and they are drawing a lot of people with a lot of money.

The number of commodity pools -- mutual fundlike vehicles for investing in futures -- has soared to 3,500 from 1,714 five years ago. "Five years ago, if I showed our products to 100 clients, we'd have 20, 30 new investors," says Craig Caudle, whose Liberty Funds Group in Lubbock, Texas, puts together commodities pools. "Today, it would be closer to half, maybe even higher."

Commodities pools, as are hedge funds, are designed for high-net-worth investors -- people with net worths of \$1 million or more. Typically, those people rely on financial advisers to steer them toward commodities, Caudle says. That's where most of his new clients are coming from.

Institutional money managers, who invest for pensions, trust funds and other big pots of money, are dipping their toes into the commodity pool, as well.

The Harvard Endowment is devoting 13% of its assets to commodities for example, and the Ontario Teachers Pension fund has put about 6% of its assets in commodities. And \$25 billion in institutional money is now benchmarked to the Goldman Sachs Commodity Index, up from \$8 billion in 2000.

Even small investors are showing interest in commodities. "Everyone has a brother-in-law who bought soybeans and lost his shirt," says Rogers, author of Hot Commodities, an investment book. But a few mutual funds, such as Pimco Commodity Real Return and Oppenheimer Real Asset, have brought limited commodity trading to small investors.

StreetTracks Gold Trust, an exchange-traded fund that invests only in gold bullion, has seen its market value soar to \$1.3 billion since its debut in November.

It's no wonder commodities have been pulling in investor money. Prices for commodities have been going through the roof. Oil prices soared as high as \$55 a barrel in 2004, up from \$32.52 at the start of the year. But oil isn't the only hot commodity these days. Copper has gained 30%; hogs are up 45%.

There are two reasons for the climb in commodities prices:

**\* Demand is outpacing supply.** Consider lead. Its price soared to \$976 a ton last year, its highest ever. That's despite the fact that two major uses for lead, as an additive to gasoline and to paint, have disappeared. What's pushing up prices? Lack of supply. Lead production in the USA fell to 237,000 tons the first six months of 2004, from 266,000 tons the first six months of 2003.

"In the 1980s and 1990s, you had people calling you about hot stocks, but not one person called you with a hot lead mine," says Rogers. "But lead mines deplete, and there has only been one new lead mine opened in 25 years. No one has invested in production capacity."

Overall, the USA had 82 active metals mines as of June, down from 92 in 2002, according to the U.S. Geological Survey. Gold production fell to 226 tons in 2003, vs. 331 tons in 1993. Copper production dipped to 1.1 million tons in 2003, from 1.8 million tons 10 years earlier.

And you can't just open a new mine. You first have to find the metal you're looking for. You have to figure out if the location makes economic sense. Then you line up investors and get government approval before you turn the first dirt. On average, it takes five to seven years from discovery to production.

In the meantime, consumption is growing. The war in Iraq is one factor. "War has never been good for anything but commodities," Rogers says, because the demand for iron, steel, lead and copper soars.

But the biggest driver is China. The Chinese economy grew at a 9.1% rate the 12 months ended in September, the latest data. Its imports rose 39% to \$51.1 billion, according to Economy.com. Its total trade (exports and imports) cracked \$1 trillion for the first time in November.

**\* A new inflationary cycle is starting.** By definition, inflation drives down the value of paper money but increases the value of real assets.

To create a new inflationary cycle, you have to begin with a surplus of dollars and a shortage of goods. That makes money cheap and com-

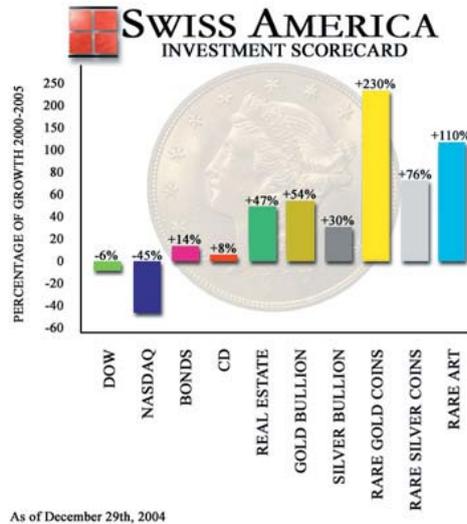
modities expensive. Commodity bulls say that's happening. The Federal Reserve, desperate to head off recession from 2001 through 2002, flooded the economy with money, primarily by making loans dirt cheap.

In addition, we have a massive federal deficit. That, combined with easy money, has weakened the value of the dollar but driven up commodity prices. For example, it now takes \$1.33 to buy a euro, up from 86 cents in 2002. But gold, the premier real asset, has soared above \$425 an ounce from a low of \$255 in 2001.

Inflation hawks argue that neither the Federal Reserve nor the bond market will allow inflation to rekindle. But it's tough to snuff out once it gets started, because large segments of the population would love a whiff of it.

Farmers, for instance, are helped because inflation increases the value of their commodities, crops and land. The same goes for mining and mineral companies. Rising inflation is linked to rising employment and higher wages.

Politicians find it hard to muster support for inflation-fighting measures. "It's hard to get the inflation-fighting backbone needed to fight inflation," Brynjolfsson says.



All this signals not-so-good news for stocks. The bottom line is that rising commodities prices mean higher expenses for most companies. Higher expenses mean lower earnings, and lower earnings mean lower stock prices.

Consider a company such as Kellogg's, the cereal maker. In a period of rising commodity prices, the company would pay more each year for corn, packaging and transportation.

"When the price of raw materials is declining or under control, companies do well," Rogers says. "When commodities are going through the roof, they don't do as well."

Marc Faber, publisher of the aptly named GloomBoomDoom.com Internet site, says the world is now at the inverse of where it was in 1981, at the peak of the last commodities boom. Back then, energy stocks made up 28% of the S&P 500, while financial stocks were 7%. Today, energy accounts for 8% of the S&P, while financials are more than 30%. To his mind, it's time for the cycle to tip back toward real assets.

Rogers figures the bull market in commodities started in 1999 but could still have a long way to run. "Six years after the bull market started in 1982, most people were not aware of it," he says. "It usually dawns on people slowly that a bull market in commodities has started." We might be past the dawn of a great commodities bull market. But it could yet be early morning. [Read more *USA TODAY* articles by John Waggoner at [Swissamerica.com](http://Swissamerica.com).]

# Real Money



Dow Theory Letters 2/2005

Richard Russell, author of the *Dow Theory Letters*, continues to warn investors that the stock market is headed for trouble, along with the entire economy which he characterizes as being in a state of 'gradual inflation.' *So where's an investor to invest?*

If both the Dow Jones Industrials and the transports manage to break below their January lows, **"I'd probably sit tight with most of my preferreds and bonds, and I'd probably sit with my kid's utilities, but with stops under them.** When important lows are violated, you just don't (unfortunately) know how much damage lies ahead, and the operative thesis is always -- DO NOT TAKE THE BIG LOSS. The only way to avoid the big loss is to reduce risk, and that means moving toward more cash and moving increasingly out of common stocks."

*What about gold in the current environment of gradual inflation?* **"I never worry about the price of gold. Gold is real money, and it always will be, despite the efforts of the central banks to have you think otherwise. Honestly, I worry about a lot of things, but I don't worry about gold.** *How about gold stocks?* Somewhere ahead gold is going to take off to the upside, and that's where the gold stocks will make up for lost time. Very frankly, I don't think the cycles or Elliott or trendlines are going to tell us when gold is ready to make its move.

**"My attitude is that gold made its low in 2002 and recently rose to a 16-year high. You decide how much gold you're willing to hold, and then you forget it. Because inflation is wanted and needed in the US, the long-term trend of the dollar is down. The dollar's decline will be erratic, it will probably take place over years, not weeks or months. Gold can be likened to a Picasso painting or an autographed letter from George Washington or a flawless D-color 10-carat diamond. You just hold it. You don't try to get a quote on it every week. You consider it the safest part of your wealth, and that's it.** *What do you do with your gold?* You leave it to your spouse or your kids or your best friend.

**"Gold is true wealth, discovered by expensive methods, brought out of the ground by sweat and capital. Gold can't be manufactured out of thin air by the Fed, and maybe that's the major difference. Nah, I don't worry about gold, if I have to worry, I worry about my dollar denominated assets.** Now there's something that is legitimately worth worrying about.

"Remember, when this bear market started I wrote that *"In a primary bear market, everyone loses, and the winner is the one who loses the least."* I'll stand by that statement, and this bear market has hardly begun."

[Read more by Richard Russell at [Swissamerica.com](http://Swissamerica.com)]

# 2005: Rare Coins Set For Another Record Year

By Kevin Lipton, KLRC  
Feb 2, 2005



**2004 was a record year for the coin industry!** More collectors and investors entered the market than anytime in history.

Near the end of the year, one of the cable networks "Shop at home" sold over \$1 million in numismatics in one hour of TV time! Their supplier, Silver Towne is spending close to \$1 million a month with NGC -- just encapsulating product for the network! Amazing! Kevin Lipton Rare Coins has never experienced a December like 2004 before -- with record sales.

With 2004 behind us, I expected the New Year to perhaps start slowly, was I ever in for a surprise. January was yet another record month at KLRC with sales of over \$6 million.

## F.U.N. SHOW

The highlight of the Florida United Numismatic show (FUN) was the sale of a gem-quality set of "\$4 Stella" gold coins which sold for a record \$2,225,000.00. The FUN show is always a great forecaster for the year. Over \$ 90 million in U.S. rare coins were sold at auctions held in conjunction with the show.

One of the greatest coins which sold was a semi-unique 1866 "No motto" Dollar which sold for \$1,207,500. I was the under bidder on this coin. The most intriguing thing about it is the fact that there were five separate bidders between 900k and the eventual sale price! Imagine, five different buyers for the same coin at the \$1 million level! Amazing!

## DOUBLOONS FETCH \$4.4M

Two Brasher doubloons both set new record prices at \$2.4 and \$2.99 million. The Doubloon was probably the most common gold trade coin used in Colonial America, and one with which every merchant of substance was on intimate speaking terms.

The Brasher Doubloons were the only colonial gold coinage issues produced with intent for circulation, and therefore, must be considered among the most important of all colonial coinage. A case can certainly be made that these are the most important American coins, bar none.



1787 Brasher Doubloon \$2.4M

Another record price was set for the 1894-S 10c at \$1,035,000. (I sold this very same coin just a few years earlier for \$625,000).



• **A RED HOT RARE COIN MARKET**

For the first time in a decade, acceptability of the U.S. rare coin market has never been higher from both investors and collectors.

• **A SENTIMENT FLIP-FLOP**

First hand I have witnessed a complete flip-flop from prospective coin buyers -- from mistrust of physical rare coins (in favor of stocks) to a mistrust of stocks with more trust in physical rare coins!

• **\$20 GOLD PIECES**

\$20 gold pieces tend to rise on the coat tails of rising gold bullion prices, but it is the truly rare gold coins (with smaller populations) that I think will rise the most.

• **OVERALL RARE COIN DEMAND IS UP**

At every level; wholesale, retail and auctions. I see more retail buyers at auctions shopping for value. Supply is not keeping up with demand, which will drive prices higher in 2005 and beyond.

• **MORE COINS SOLD ON TV**

The average price level of coins sold on TV are rising! Rare coins are selling for thousands each. For example; I know that 300 Kellogg \$50 gold coins sold for \$3,500 each -- in just days of a mass media promotion. These are private issue, very limited supply rare coins to be held for the long term, not just hobby quality coins.

• **GOLD COMMEMS!**

I was surprised to see only a limited quantity of U. S. Gold Commemoratives on the show floor and in the auctions. Gold Commems that were available sold for very strong prices, making it difficult to acquire many choice examples.

For example, it was almost impossible to buy Pan Pac and Sesqui \$2 1/2 at the current price levels. My Gold Commem inventory is at the lowest level in years. One can expect a healthy rise in this market in the first quarter of 2005.

Generic \$20 gold coin prices eased in early 2005, as bullion prices have dropped from \$450+ to \$425. As the year is now underway, I look forward to a great overall coin market.

Buy scarce, U.S. rare coins of the highest quality -- that is my advice for 2005!



# How To Purchase Gold & Silver from SWISS AMERICA

## 1. Strategy

Your Swiss America broker can help you design a tangible asset strategy using U.S. gold and silver coins

## 2. Funding

Once you have chosen your coins and know the exact amount, have your bank transfer the funds to our Client Purchase or Product Sale Account as follows:

### Numismatic Purchases

Wells Fargo Bank  
3402 W. Bell Road  
Phoenix, AZ 85053  
**ABA# 1210-002-48**  
Client Purchase Account  
**#4159-531235**

For the account of SATC  
For further credit to:(your name)  
Attention: Your broker' name

### Bullion Purchases

Wells Fargo Bank  
12641 N. Tatum Blvd.  
Phoenix, AZ 85032  
**ABA# 1210-002-48**  
Product Sales Account  
**#4945-000826**

For the account of SAPS  
For further credit to:(your name)  
Attention: Your broker' name

## 3. Lock-In

Your Broker will walk you through our lock-in procedure with our trading desk. This guarantees price and availability of your coins.

## 4. Shipping

Your purchases will be shipped by Registered, Insured U.S. Mail within 7-21 days.

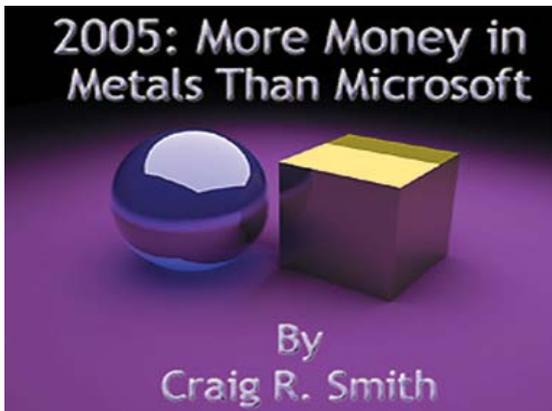
## 5. Service

Your broker is available between 8 AM and 6 PM (MST) Monday through Friday to answer your questions and provide you with periodic updates of your portfolio and market performance

# New bull market in stuff, not stocks

By Craig R. SMITH, CEO, SATC

According to USA Today, "Some of the sharpest minds on Wall Street are betting that you'll make more money in metals than Microsoft the next few years. The new bull market is in stuff, not stocks, they say. We're talking about land, oil, and gold, the commodities that once made John Jacob Astor, John D. Rockefeller and the Hunt brothers very rich men."



So, tangible "stuff" is where the big money is moving and that means we are still in the early stages of a bull market that could last another decade. This is excellent news for the individual investor IF they are willing to first invest some time to learn before earning.

## LET'S APPLY SOME COMMON SENSE

Common sense seems to have become rather uncommon in today's complicated world. Therefore, when faced with financial decision, I find it is best to look at the facts objectively first and discover the truth myself using my common sense. Then, after I am confident in my decision, I often will seek someone trustworthy to see if it makes sense to them as well. This process of using common sense has served me well over the years most of the time.

Common sense says that understanding America's economic future must be based on an accurate assessment of the present, and a working understanding of the past. Today the undeniable economic fact is that America has become a debtor nation, as evidenced by ...

- The world's confidence in the U.S. dollar is faltering, nevertheless they loan us more.
- The world loans us about \$1.8 B per day, totaling about \$7.6 Trillion.
- The U.S. government debt of over \$44 Trillion -- between Medicare and Social Security 'Trust' Fund.
- U.S. personal debt has grown to a staggering \$9.3 Trillion.

Add it up and we have about **\$60,000,000,000,000** (Trillion) in acknowledged U.S. debt. Divided by roughly 100,000,000 employed U.S. households and you get about \$60,000 debt per household - up from \$25,000 just a few short years ago.

My point is that common sense says that borrowing from tomorrow to pay for today is dead wrong -- yet we whistle by the graveyard, pretending that we are "Donald Trump" wealthy -- that is, for

appearance sake only. Americans, like the central bankers who pull the big money strings, pretend that they are above the laws of economics. But they, and we, are not. It is this type of U.S. pride that could bring this debt-driven economic house of cards down.

## THE "MONEY" CONFIDENCE FACTOR

Confidence is defined as believing in someone or something that is trustworthy, OR belief in truth or the reality of a fact.

All true money must be derived from a commodity, or at least have a substance to back it up, or it will gradually become fraudulent, or "fiat" money. Over time, public confidence erodes the value of the "money" -- internationally first, then domestically.

Have you seen the chart for the U.S. dollar recently? It does not look like a "strong" dollar to me -- especially if you look at a dollar chart spanning the last 92 years, since the FED first started "helping" the government maintain public confidence in the dollar.

Historically, the most common substance used as a medium of exchange and a store of value has been gold or silver coins of a standard weight and fineness.

The U.S. Coinage Act of 1792 specifically defined a "dollar" as "one twentieth of an ounce of gold (25.8 grains of 90 percent fine) or a silver coin containing one ounce of silver (421.5 grains of 90 percent fine)."

The Founding Fathers specifically prohibited the federal government from issuing Bills of Credit, (paper money) in the U.S. Constitution.

*"Congress shall have Power to coin money and regulate the value thereof ... No State shall make any Thing but gold and silver Coin a Tender in Payment of Debts."* -Art.1 Sec. 8 & 10

America's system of constitutional, commodity-based money functioned well in our nation for over 120 years, from 1792 to 1913. Then "We the People" made a big mistake - we allowed a privately owned corporation called the Federal Reserve to begin creating paper money instead of gold and silver coins as the Constitution requires.

## TRUST MONEY?

The Federal Reserve's monetary manipulation began with a promise to create paper money that could always be redeemed for commodity money - gold or silver coin. This 100 percent redeemable money is referred to as fiduciary or "trust money." The creation of fiduciary money assumes that the promise of payment in substance by the issuer is redeemable at some future point. Trust money was used as a medium of exchange even though it consisted largely of an intrinsically valueless substance - paper.

Since the U.S. government was prohibited by constitutional law from issuing this trust money, the Fed - a private corporation - was created to soften and manipulate the economic down-cycles in 1913. The price we have paid is surrendering our substance money (gold) for trust money (credit/debt). In my view, central bankers took the mine... and we got the shaft. Why do I say that?



History has proven time and again that neither bankers nor governments possess the discipline needed to limit the amount of credit (or paper money) to equal the true supply of gold and silver coins. So the supply of paper money (credit/debt) must continually rise.

The result is always disastrous in the long term because the economy suffers through cycles of inflation, deflation, artificial growth, recession and depression. Because U.S. citizens did not protest the use of trust money, our economic system then began to degenerate into untrustworthy or fiat money.

**WELCOME TO THE NEW COMMODITY-DRIVEN ERA**

So, what's next? Inflation? Stagflation? Should you adjust your portfolio to reflect this 21st century shift from a "stock-driven era" to a new "commodity-driven era"? *USA Today* again sums it up well ...

*"A new inflationary cycle is starting ... The Federal Reserve, desperate to head off recession from 2001 through 2002, flooded the economy with money, primarily by making loans dirt cheap. In addition, we have a massive federal deficit. That, combined with easy money, has weakened the value of the dollar but driven up commodity prices. All this signals not-so-good news for stocks. The bottom line is that rising commodities prices mean higher expenses for most companies. Higher expenses mean lower earnings, and lower earnings mean lower stock prices."*

In the meantime, Kevin Lipton reports that both collectors and savvy investors are snapping up high quality numismatic U.S. coins at record prices and in record volume.



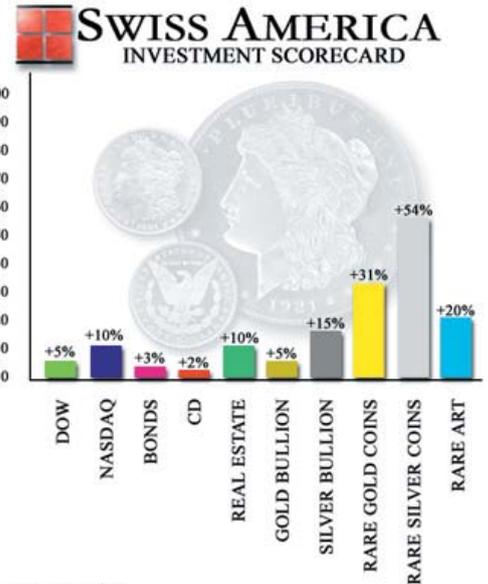
**During the last national trade show in Florida, \$90M in U.S. rare coins were sold in just 3 days!**

As we pointed out in our **21st Century Investment Scorecard**, tangible assets that you can touch, see or taste - have soared. While the CRB index of commodities is up 36% since the end of 1999, gold bullion is up 54%, U.S. rare gold coins are up 230%, silver bullion is up 30%, while rare silver coins are up 76%. Clearly the higher quality gold and silver coins have outperformed their bullion counterparts, as we have often told our readers.

**WSJ: MORE MONEY IN COLLECTIBLE COINS THAN METALS**

In December 2004, *The Wall Street Journal* published a story, **"Investors Flock to Coins Amid Rising Metal Prices"** saying ...*"Rare coins are starting to attract investors more at home with stock brokers than coin dealers. The interest in coins comes as sophisticated investors are increasingly looking for assets outside of the U.S. stock market, which many market observers expect to post only modest gains during the coming year. In buying rare coins, individuals not only acquire a collectible asset, but they are also getting exposure to precious metals.*

*The prices of gold and silver, from which many popular U.S. coins are made, are both rising smartly...Of course, you don't have to be rich to invest in coins. In fact, the lower end of the market is booming, too. "*



**Now, if that is not good news for the small and medium size investor, I don't know what is!**

Morgan Silver Dollars were the top performing tangible asset in 2004, up 54%! But I believe that the best is still yet to come.

As financial reckoning day approaches, all roads will lead to metals in general, and high quality numismatic gold and silver coins specifically. As for Microsoft, well it may be tops on the NASDAQ, but it will likely play second fiddle to the new bull market in tangibles.

Please take some time to consider the advantages of owning some tangible U.S. gold and silver coins, not just for profit potential, but for safety and privacy. Remember, the proof is in the pudding, not in a paper promise of pudding later.

# Investors Flock to Coins Amid Rising Metal Prices

By **JEFF D. OPDYKE**

Staff Reporter of THE WALL STREET JOURNAL

December 1, 2004; Page D1

Rare coins are starting to attract investors more at home with stock brokers than coin dealers.

The interest in coins comes as sophisticated investors are increasingly looking for assets outside of the U.S. stock market, which many market observers expect to post only modest gains during the coming year. In buying rare coins, individuals not only acquire a collectible asset, but they are also getting exposure to precious metals. The prices of gold and silver, from which many popular U.S. coins are made, are both rising smartly.

The Internet and coin-grading services are playing a part in drawing a new breed of coin investors. The Internet allows collectors to buy and sell rare coins at locations other than their local coin shops. The grading services authenticate coins and grade them based upon how closely they resemble a freshly minted coin, making it easier to certify that the coins being traded are investment grade. And electronic registry services that have sprung up on the Internet during the past few years let investors register their collections online and compete against others in building the highest graded, most valuable sets.

All this has helped make investment-grade coins nearly as liquid as the stock market. The coin market even has its own index -- the CU3000 Rare Coin Index. During the past year, that index of the 3000 most-actively traded coins, has gained about 7.5%, while the Standard & Poor's 500-stock index is up about 11.5%. In the past three years, the coin index has gained more than 18%, far outpacing the S&P, though coins are off by about two-thirds from their high in 1989.

The coin market presents risks. Novice collectors often get burned, despite the Internet and grading services. Moreover, many smaller shops are popular but can undercut sellers and overcharge buyers, some dealers and collectors say. And the precious-metals market is notoriously volatile.

Also, coin prices have moved substantially, meaning investors aren't buying at bargain levels any more. Still, coin experts say, coins are

about two years into a bull-market that, if it mimics history, will last four or five years.

"There is a lot of smart money going into coins right now because the wealthy individuals see very attractive valuations," says Mark Salzberg, chairman of Sarasota, Fla.,-based Numismatic Guaranty Corp. of America, or NGC, a firm that grades and certifies the authenticity of coins. These are individuals "who have the money to come in and buy the ultra-rarities."

In addition to the lackluster outlook for stocks, the weak U.S. currency is also driving people to hard assets that aren't tied to the dollar. "The dollar is decaying right before our eyes and people want to own those assets not directly tied to the dollar, hard assets," says Geoffrey Hodes, a vice president at Monex, a Newport Beach, Calif., precious-metals trading firm.

And while gold and silver bullion are less expensive per ounce than coins, "bullion is not beautiful or sexy to look at and there's no story behind," he adds. "Rare coins have all that. It's like collecting art."



An ultra-rare 1933 Saint-Gaudens-type gold coin -- one of only a few that still exist since most were melted down after President Franklin D. Roosevelt outlawed the hoarding of gold -- sold for nearly \$7.6 million, including fees, at auction two years ago. And in August, at the American Numismatic Association's annual World's Fair of Money, a rare, 1792 copper cent -- found in an old tobacco tin -- was valued at \$400,000 and is expected to fetch more at auction.

Wealthy investors are gravitating toward the most popular and liquid investment coins: the \$20 Double Eagles and Saint-Gaudens, each comprising nearly an ounce of gold; Morgan and Peace dollars pressed from slightly more than three-quarters of an ounce of silver; and Liberty Walking half-dollars that hold about a third of an ounce of silver.

Those coins, depending on preservation, rarity and other factors, range from a few hundred dollars to hundreds of thousands of dollars. In general, investors are building high-quality, investment-grade portfolios of various gold and silver coins for between \$2,000 and \$10,000 per coin -- up from just several hundred to a few thousand dollars a couple years ago. Unlike gold and silver, which investors often own only in paper form, investors hold coins directly, if only to be able to appreciate them as artwork-caliber engravings.

At auction firm Spectrum Numismatics, a unit of Greg Manning Auctions Inc. in West Caldwell, N.J., wealthy retail investors are making up a larger portion of the business these days. Through various subsidiaries, Spectrum holds upward of 130 auctions a year --

from high-end affairs hawking coins that fetch \$250,000 or more, to low-end Internet auctions where coins sell for a few hundred dollars.

"People buying these days often have the intent to sell some day," says Greg Roberts, president and chief executive officer. To them, he says, "coins have become an alternative hard asset."

The discovery last year of the S.S. Republic also is piquing investor interest. The Civil War-era steamer, carrying \$400,000 in gold and silver coins, sunk in a hurricane off the coast of Georgia on its way to New Orleans, and numerous high-grade coins being pulled from that wreckage are selling for tens of thousands of dollars.

Coin dealers are mainly guiding deep-pocketed investors interested in collecting. Established dealers not only locate worthwhile coins around the country, but also they can help build investment-caliber collections and design profitable exit strategies for selling off the collection. To find a dealer, the American Numismatic Association's Web site, [www.money.org](http://www.money.org), has links to what it considers to be reputable ones.

Investors generally demand coins be graded independently to ensure authenticity and to determine a coin's mint state, or how closely it resembles a freshly minted coin. Coins are graded on a scale of one to 70, with 70 being perfect. Investment-grade coins typically start at MS65 (MS stands for "mint state"), though with some particularly rare or historically significant coins, lower grades are acceptable. Graded coins are locked in sealed, tamper-resistant plastic holders, what the industry refers to as "slabs."

Not all slabbed coins are equal, though. Grading services vary in their quality, and "that's where new investors typically get burned," says Barry Stuppler, a rare-coin dealer and president of the California Coin and Bullion Merchants Association. Investors looking for bargains often jump at seemingly high-grade coins graded by low-tier firms. But they end up overpaying for what turns out to be an inferior coin, Mr. Stuppler says.

The most subtle scratch or flaw can drop a coin into a lower grade and result in a big difference in value. With an 1891 Morgan silver dollar minted in Carson City, Nev., for instance, a very narrow grade shift of MS67 to MS66 changes the value of that coin by about \$25,000, according to Professional Coin Grading Service, or PCGS, in Newport Beach, Calif.

PCGS and NGC are widely praised, and coins graded and slabbed by these two grading services routinely trade just on the basis of their reputations. Independent Coin Grading Co., or ICG, and ANACS are gaining respect but still lack wide acceptance. The other services, according to coin-dealer surveys, collectors and independent industry experts, are widely dismissed as too liberal with their standards, and the coins they grade are generally deeply discounted to account for grade inflation.

Of course, you don't have to be rich to invest in coins. In fact, the lower end of the market is booming, too. For instance, Jefferson nickels minted in Denver in 1938 -- the first year the U.S. Mint released that series -- have been hot for the past year, and today the most immaculate examples of those five-cent pieces fetch upward of \$2,000 each, according to PCGS, which also produces a much-watched price guide for collectible coins.

[Read more by Jeff Opdyke at [Swissamerica.com](http://Swissamerica.com)]

## TRANSFORM A RETIREMENT NIGHTMARE ... INTO A GOLDEN DREAM!

Dear Future Retiree,

### A LOOMING CRISIS IN U.S. RETIREMENT ACCOUNTS...

Alan Greenspan has warned us that Social Security is in trouble without major changes. What is he not saying? In 1999, U.S. pension funds were under-funded by \$10 billion; five years later we're upside-down over \$400 billion! Where will we be in 5, 10, 20 years? Debt and deficits are now at levels never before seen in history, placing everything you have worked for at risk! But, there is an alternate to the endangered SSI system and 90% of the under-funded pension plans in America today; Simply convert your retirement funds into gold coins, instead of empty paper promises (while you still can).

### GOV'T ALLOWS FUNDING YOUR IRA and PENSIONS WITH GOLD...

Did you know that since 1998, the U.S. Government has allowed Americans to place certain types of U.S. gold and silver coins into their qualified retirement plans TAX FREE? It's true!

### INCREASE GROWTH, DECREASE RISKS...

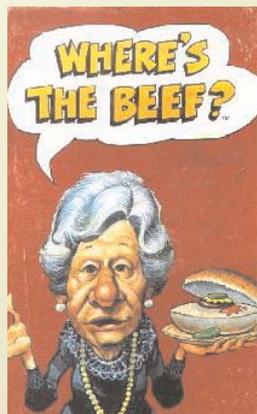
According to a 1998 study, presented to Congress on the use of U.S. rare coins and gold bullion in IRAs by Dr. Raymond Lombra, Associate Dean of Research and Graduate Studies at Penn. State University in State College, Pa.; "The two top-performing investments over the past 25 years were stocks, at 14.6% per year, and high-quality, rare U.S. gold coins, at 14.3% per year. A detailed analysis reveals that over the 1974-1993 period a portfolio consisting of gold coins and the rest stocks, T-bonds and T-bills would have increased portfolio returns at the same time that it decreased overall portfolio risk."

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Take the first step to a more secure retirement based on gold today!



# GOLD ETFs ... Where's the BEEF?



By Dr. Fred Goldstein,  
*SATC Sr. Broker*

Remember the old WENDYS commercial? An elderly woman asks: "Where's The Beef?" I think today's investor in StreetTracks, the World Gold Councils' new ETF, should instead be asking "Where's the gold?!"

This equity (which trades on the NYSE as GLD) has a share price of 1/10 of an ounce of gold. I believe the public has been misled as most investors believe they are actually buying the physical metal.

Most recently, James Turk editor of the Free Market Gold and Money Report and proprietor of gold-money.com has questioned the procedure in auditing the supposed gold of this new ETF as well as its explanation in its bylaws.

According to Turk, the prospectus describes this as a "gold tracking" equity with no viable way to audit the physical bullion. This appears to violate security laws as mutual funds must show that they own the securities they purport to sell, or otherwise unscrupulous funds could just scam the public. Each and every investor should question the SEC as well as their broker to get the real story on this gold fund.

A bird in the hand most definitely applies to this fund. I believe an investor is much better off with real gold bullion or numismatic gold coins in his hand than this questionable fund.

For five years GATA.org has tried to get the real gold story out to the public. Other than a few token articles in the US press the UNTOLD Story of Gold continues to be covered up. Getting the real, hard facts on this current gold market is most important in making smart investment decisions.

We are committed at Swiss America to help all investors learn the truth about gold as we enter an exciting new phase in this opportunistic gold bull market.

# Fifteen Reasons to Own Gold

By John EMBRY, Mises.org

## 1. Global Currency Debasement:

The US dollar is fundamentally & technically very weak and should fall dramatically. However, other countries are very reluctant to see their currencies appreciate and are resisting the fall of the US dollar. Thus, we are in the early stages of a massive global currency debasement which will see tangibles, and most particularly gold, rise significantly in price.



## 2. Investment Demand for Gold is Accelerating:

When the crowd recognizes what is unfolding, they will seek an alternative to paper currencies and financial assets and this will create an enormous investment demand for gold. To facilitate this demand, a number of new vehicles like Central Gold Trust and gold Exchange Traded Funds (ETFs) are being created.

## 3. Alarming Financial Deterioration in the US:

In the space of two years, the federal government budget surplus has been transformed into a yawning deficit, which will persist as far as the eye can see. At the same time, the current account deficit has reached levels which have portended currency collapse in virtually every other instance in history.

## 4. Negative Real Interest Rates in Reserve Currency (US dollar):

To combat the deteriorating financial conditions in the US, interest rates have been dropped to rock bottom levels, real interest rates are now negative and, according to statements from the Fed spokesmen, are expected to remain so for some time. There has been a very strong historical relationship between negative real interest rates and stronger gold prices.

## 5. Dramatic Increases in Money Supply in the US and Other Nations:

US authorities are terrified about the prospects for deflation given the unprecedented debt burden at all levels of society in the US. Fed Governor Ben Bernanke is on record as saying the Fed has a printing press and will use it to combat deflation if necessary. Other nations are following in the US's footsteps and global money supply is accelerating. This is very gold friendly.

## 6. Existence of a Huge and Growing Gap between Mine Supply and Traditional Demand:

Gold mine supply is roughly 2500 tonnes per annum and traditional demand (jewelry, industrial users, etc.) has exceeded this by a considerable margin for a number of years. Some of this gap has been filled by recycled scrap but central bank gold has been the primary source of above-ground supply.

## 7. Mine Supply is Anticipated to Decline in the next Three to Four Years:

Even if traditional demand continues to erode due to ongoing worldwide economic weakness, the supply-demand imbalance is expected to persist due to a decline in mine supply. Mine supply will contract in the next several years, irrespective of gold prices, due to a dearth of exploration in the post Bre-X era, a shift away from high grading which was necessary for survival in the sub-economic gold price environment of the past five years and the natural exhaustion of existing mines.

## 8. Large Short Positions:

To fill the gap between mine supply and demand, central bank gold has been mobilized primarily through the leasing mechanism, which facilitated producer hedging and financial speculation. Strong evidence suggests that between 10,000 and 16,000 tonnes (30-50% of all central bank gold) is currently in the market. This is owed to the central banks by the bullion banks, which are the counter party in the transactions.

## 9. Low Interest Rates Discourage Hedging:

Rates are still very low. With low rates, there isn't sufficient contango to create higher prices in the out years. Thus there is little incentive to hedge, and gold producers are not only not hedging, they are reducing their existing hedge positions, thus removing gold from the market.

## 10. Rising Gold Prices and Low Interest Rates Discourage Financial Speculation on the Short Side:

When gold prices were continuously falling and financial speculators could access central bank gold at a minimal leasing rate (0.5-1% per annum), sell it and reinvest the proceeds in a high yielding bond or Treasury bill, the trade was viewed as a lay up. Everyone did it and now there are numerous stale short positions. However, these trades now make no sense with rising gold and declining interest rates.

## 11. The Central Banks are Nearing an Inflection Point when they will be Reluctant to Provide more Gold to the Market:

The central banks have supplied too much already via the leasing mechanism. In addition, Far Eastern central banks who are accumulating enormous quantities of US dollars are rumored to be buyers of gold to diversify away from the US dollar.

## 12. Gold is Increasing in Popularity:

Gold is seen in a much more positive light in countries beginning to come to the forefront on the world scene. Prominent developing countries such as China, India and Russia have been accumulating gold. In fact, China with its 1.3 billion people recently established a National Gold Exchange and relaxed control over the asset. Demand in China is expected to rise sharply and could reach 500 tonnes in the next few years.

## 13. Gold as Money is Gaining Credence:

Islamic nations are investigating a currency backed by gold (the Gold Dinar), the new President of Argentina proposed, during his campaign, a gold backed peso as an antidote for the financial catastrophe which his country has experienced and Russia is talking about a fully convertible currency with gold backing.

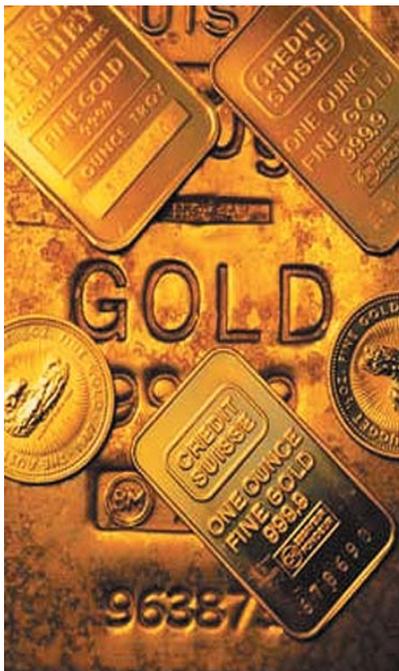
## 14. Rising Geopolitical Tensions:

The deteriorating conditions in the Middle East, the US occupation of Iraq, the nuclear ambitions of North Korea and the growing conflict between the US and China due to China's refusal to allow its currency to appreciate against the US dollar headline the geopolitical issues, which could explode at anytime. A fearful public has a tendency to gravitate towards gold.

## 15. Limited Size of the Total Gold Market Provides Tremendous Leverage:

All the physical gold in existence is worth somewhat more than \$1 trillion US dollars, while the value of all the publicly traded gold companies in the world is less than \$100 billion US dollars. When the fundamentals ultimately encourage a strong flow of capital towards gold and gold equities, the trillions upon trillions worth of paper money could propel both to unfathomably high levels.

[Read more by John Embry at [Swissamerica.com](http://Swissamerica.com)]



# Silver: Dimes To The Downside, Dollars To The Upside

By Richard Spohr, SATC

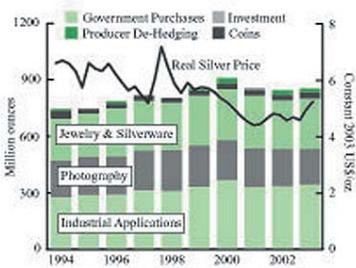
I believe that Silver's intrinsic value is over \$15 per oz. right now.

As a value investor I look to buy undervalued assets, then sell them out at what I think they are worth. However, in the case of Silver, I expect to sell my holdings at prices well above the intrinsic value.



Lets take a look at some of the reasons why we may be in the last days of single digit Silver prices in our lifetime.

World Silver Demand



Unloved, unwanted and unheard of in the investment community. Back in 1999 Silver traded as low as \$3.50 per ounce. Now, with Silver hovering around \$7.00 some prudent investors are starting to take notice.

One of the most astonishing aspects about silver as a commodity is that demand has outstripped supply for nearly sixteen years, including projected deficits for 2005. Annual silver deficits have run as high as 200 million ounces in boom years and as low as 40-50 million ounces in years of recession. Even in years of economic stress, as in the recession of 1991 or more recently in 2002, demand continues to outstrip supply.

Silver inventories have fallen from around 2.2 billion ounces at the beginning of 1990 to less than 400 million ounces today. The cumulative draw down of inventories came mainly from investors during the 90's who had bought their silver in earlier periods at much higher prices. The great equity bull market of the 90's made many of these investors disenchanted with their returns on silver. As a result, these investors sold heavily throughout this period bringing more supply to the marketplace, which helped to offset silver production deficits.

Another factor weighing in silver's favor is the number of growing uses for silver. The main uses for silver have been primarily for photography, jewelry, silverware, electronics and batteries. Much of this demand is price inelastic. The small amount of silver that is used in applications makes it an insignificant factor. The amount used in the manufacture of a battery, an automobile, a computer, and in jewelry

is insignificant when compared to the price of labor and other materials. A doubling in the price of silver would not effect what GM uses in making a car, Energizer in a battery or even silver jewelry. If a highly refined piece of silver jewelry costs several hundred dollars, a \$5 dollar jump in its price or a tripling of its price would be insignificant. More important to the price would be its availability.

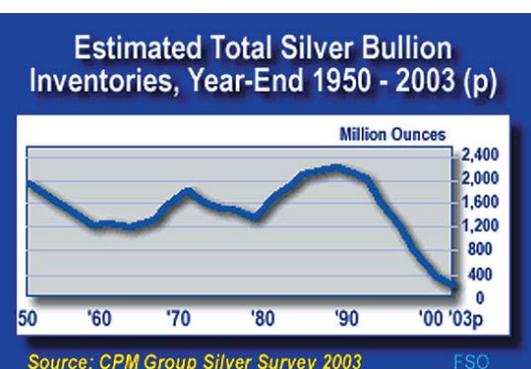
## MAIN USES FOR SILVER

- Batteries
- Bearings
- Brazing and Soldering
- Catalysts
- Coins
- Electrical
- Electronics
- Electroplating
- Jewelry and Silverware
- Medical Applications
- Mirrors and Coatings
- Photography
- Solar Energy
- Water Purification

Source: The Silver Institute

Today the main use of silver is still photography, jewelry, and silverware. However, new applications are growing each year. Silver is now used as a biocide and as an electrical and thermal conductor. Because silver has unique properties such as malleability, strength and its sensitivity to light and ability to endure extreme temperatures, substitutions are difficult if not impossible.

Silver is used in thousands of industrial applications. In fact, aside from petroleum, silver is used in more applications than any other commodity. Unlike petroleum, the amount of silver used per application, while vital to the finished item, is a tiny percentage of the item's total cost. For this reason, silver is considered to be price-inelastic for much of its industrial demand. This means that industrial users will not readily substitute other materials for silver in a price rise. If the price of silver jumps significantly, they will be more



inclined to build inventories than eliminate silver.

When the inevitable silver shortage hits the industrial users, it will be only a matter of time before some will try to

protect themselves from those delays (and price increases). They'll do this the only way they can - by buying extra silver as a buffer. They will build, or attempt to build, inventories of silver that they never held before. This is a logical reaction to silver delays and price increases. After all, you don't risk the shutdown of an assembly line for want of a single, low-cost component.

## Silver Fundamental To War

One item of paramount importance to nearly everyone is war. According to data in the early 1980's, the U.S. military used more than 5,000 items containing silver, ranging from a naval torpedo using 4,161 ounces of silver to the smallest relays using less than 23 grams. The Defense Department has acknowledged that there are over 150 different kinds of bearings containing silver. The Defense Department also states that over 100 different kinds of batteries containing anywhere from a few grams to over 1000 ounces of silver are used in military applications.

A good amount of silver is used in jets, ships, submarines, and rockets. Silver is used to provide bonding of titanium and stainless steel. In most military applications it is necessary that all equipment work accurately and reliably. Only silver enables this military hardware to meet these requirements. At one time an official government report stated:

"The increase in the use of precious metals in both military and civilian commodities has been phenomenal. Indications are that this use will continue or increase in the coming years." At the time, President Reagan had pledged to build the MX missile, which would have required massive amounts of silver for backup battery systems.

According to "Silver Profits in the Eighties" by Jerome Smith, a very interesting condition was mentioned. "In the event of a major war, no matter how much per ounce it would be willing to pay, there is no way that the U.S. military could purchase the silver it would require for such a conflict. Using the estimated silver usage during WWII, all the available silver bullion in all commodities exchanges and in private stockpiles worldwide would only satisfy the national need for two years. After that ....?"

## Silver - Opportunity Of A Lifetime

Truly great profit opportunities are exceptional. Most people never see them or take advantage of them. The secret to capitalizing on these "once in a lifetime opportunities," is to buy at a relatively low price and ahead of the crowd. While most investors state that this is a primary rule of investment success, few actually practice it. As more

and more people become aware of an opportunity, the price appreciates and the potential for a big percentage gain lessens. This type of action takes courage. Most people are followers, not leaders, although they like to think otherwise. Looking over a recent issue of Forbes Magazine featuring the richest 400 people, number one Bill Gates and number two Warren Buffett are both silver investors. These two gentlemen, and obvious leaders, have the courage to buy without concern of what is currently "investment fashion."

Since 1980, Silver has had a \$49.00 price range, from \$52.50 to \$3.50. At \$6.20 per ounce, Silver is only 12% of it's all time high. The ideal time to buy any asset is within 20% of it's low. The "kill-zone" is within 15%, this is the perfect time to buy. Once a market "confirms" the bottom by rising enough to signal a bona-fide trend change, as Silver has done, it offers the least risk/most upside potential for establishing a position.



Hordes of people have been separated from their money by trying to "buy the bottoms" in markets on the way down. Even more people have lost money buying in what I call the "band wagon speculator" (bws) area of a market. The bws is the top third of any markets price history.

A professional trader buys low, that's when you get the most bang for your buck. Buying after a long period of under-performance runs contrary to popular opinion, which has everyone looking for what's currently hot. The problem is that by the time the masses have identified the winners, it may be too late, because they're already overvalued.

The best time to have invested in stocks and real estate is behind us. Lets face it, the Dow Jones at 10,000 is 90% of it's all time high. The only money left in the market at 90% of it's high is public money. If an "investor" would make the effort to look at the figures for insider trading, they would see that management of companies and institutional money has been selling shares at record levels. If the insiders are out and the public bag holders are holding record positions, guess what's going to happen.

If real estate prices are at all time highs and have set a record for most growth over a five year period, is it a buyers market or a sellers market? When the housing bubble bursts it is going to be ugly. Very ugly. If a home today is 3-5 times more expensive than it was just 10 years ago, we are overdue for a correction.

## What about Silver's prospects for the future?

The case could not be clearer. When there is more demand than supply, prices must rise. Nothing can invalidate this primal law of the physical world. Look at the public record. Every measure of

reported Silver inventories shows dramatic long-term depletion. Every measure of world demand for Silver indicates strong and growing demand for as far as the eye can see. Almost every day we read of important new applications for Silver.

Maybe stocks and real estate will do well in the future, but no one can call them undervalued. Silver is the same price it was 22 years ago and down almost 90% from its historic highs. Stocks and real estate are many times their prices back then and much closer to historic highs than lows.

Nothing comes close to silver, as both a vital industrial commodity and a precious metal recognized by the masses. As the price escalates in an inventory panic, people will be attracted by the price action to participate in the price rally. Most will come in within the top third of the move, risking two dollars for each one in potential profit. These are the folks who will be buying the positions established by the pro's now.



Most people don't stand a chance of short term trading success; their only legitimate chance for investment success is long term. That means buying something of value and putting it away. This is the approach to take with serious money. I define serious money as 25-30% of a portfolio. Long term, low risk with a large upside potential.

One of the world's most successful investors, Warren Buffett, believed Silver was appropriate for serious money when he bought a very large position. In the seven years since his initial purchase, we have 700 million ounces less Silver in world inventories. It's not everyday that the average investor gets the opportunity to invest serious money at a better value than did Warren Buffett.

The price of palladium rose to over \$1100 an ounce because industrial users (mainly Ford Motor Company) panicked and built inventories, because they feared they would have to shut their assembly lines due to a lack of palladium. Silver is used in many more applications than palladium. That increases the chance that Silver users will panic at some point and try to build inventories. If a user inventory panic does develop, there is only one known cure - it must burn itself out at extremely high prices.

### Are you starting to see my point?

If you don't own any Silver, buy some. If you own an amount less than 25-30% of your portfolio add to your position now,

while the risk is minimal. If you own stocks or investment properties, you are in the danger zone.

The "smart money" believes that Silver will be the best performing asset in this decade. The bandwagon speculators believe that the stock and real estate markets will make them rich beyond their wildest dreams, the modern day version of money for nothing. Whose side are you on?

### Morgan Silver Dollars: A Classic "Double Play"!

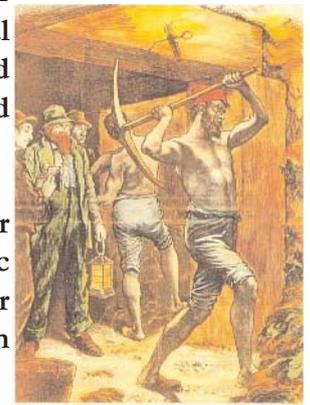
Is this really a new era for silver? Could silver rise to \$50, \$75 or even \$100 per ounce in the years ahead?

#### Which type of silver is best to own?

Behind the investment news headlines are some startling facts about why rare U.S. silver (and gold) coins are on track to be among the best assets to own in the 21st century.

In 2004, tangible asset investments again outperformed stocks, bonds and CD's. Investment-grade "Morgan" silver dollars topped the chart with annual growth of 54% in 2004, followed by rare \$20 Liberty gold coins at 31%, rare art at 20%, silver bullion at 15%, residential real estate 10%, Nasdaq 9%, Gold 5.4% Dow +3%, Bonds +3% and CD's +2%.

Gem-quality Morgan dollars offer investors and collectors a classic "double play" on rising silver prices and the rising interest in U.S. rare coins.



Typical silver mining scene, late 1880s.

In sharp contrast to equities, tangible assets like gold and silver are not dependent on; Wall Street corporate earning reports, Fed interest rate and money supply manipulation, consumer spending, government bailouts, or even economic cycles.

**THE CARSON CITY SILVER DOLLARS THE LAST OF A LEGACY**

Add it up and I think you will understand why more and more people are going for tangible assets like gold and silver. I suggest reading our Special Report on Morgan Silver Dollars for the full story on THE SILVER RUSH!

# US GOLD COMMEMORATIVE COINS: Value & Growth

By Tom RODRIGUEZ  
SATC

The questions I hear time and time again from most investor's are ...

*"What area of the coin market should I look at now?"*

*"Where is the best value for my money?"*

*"Where can I expect the best possible growth for the long term?"*

The answer to all three questions is the same:

## UNITED STATES GOLD COMMEMORATIVES!



How can investors keep up with the loss of buying power their current stock and cash portfolios are generating? It's real simple... **DIVERSIFY** into an asset that offers an **INVERSE** relationship to the US dollar holdings.

Yes, NOW is the time to look at one of the most UNDER-VALUED areas in the US rare coin market. Unlike US \$20 Double Eagles which continue to be made available by Western Central Banks, U.S. Gold Commemorative coins offer both the astute and the neophyte investor the same opportunity: VALUE for their devaluing dollars. This area of the numismatic gold coin market has been overlooked by just about everyone...EXCEPT our Swiss America clients.

A mere thirteen coins make up the ENTIRE U.S. Gold Commemorative set. It is one of only a couple of sets an individual can assemble prior to 1933 in gold. In the more affordable 11-coin set, we have recently seen price increases in select dates from as little as 2% to as much as 12.5% in the last 45 days! At today's prices, completing this coin set is well within reach for many, but I feel strongly that we're on the verge of some major price moves! Just look at the appreciation the two big \$50 gold pieces (the 1915-S Octagonal and the Round that complete the 13 coin set) have done over the past three years. UP over 60%, and these are \$75,000+ coins each!

### 1903: FIRST U.S. SOUVENIR GOLD COINS MINTED

The first U.S. souvenir gold coins were authorized by Congress for the **Louisiana Purchase Exposition held in St. Louis in 1904**. There are two varieties of gold dollars-one with the head of **Jefferson** who was president when the Louisiana territory was purchased from France; and the other President **William McKinley** who sanctioned the Exposition. Both are dated 1903.

# YOUR TANGIBLE ASSET PORTFOLIO

So far in the 21st century, gold and silver coins have outperformed almost every other asset class, such as stocks, bonds, CDs and mutual funds. September 11, 2001 changed the economic landscape dramatically yet many financial "experts" have yet not changed their recommendations to include tangible assets, like gold and silver coins.

Building a financial portfolio that is able to withstand the storms of life is not easy. Every financial advisor has a little different perspective on which assets offer the best return and safety but wise counselors now recommend gold and silver as portfolio hedges.

Swiss America would like to help you make sure that your 'investment pyramid' is secured with a solid foundation but, first we need some honest answers to the following three important questions ...

1. HOW LONG DO YOU PLAN TO HOLD YOUR INVESTMENT?
2. WHAT LEVEL OF RETURN DO YOU HOPE TO ACHIEVE?
3. WHAT DEGREE OF RISK ARE YOU PREPARED TO ACCEPT?



Based on your personal choices, you should adjust your portfolio to fit your goals. Swiss America offers a two-way liquid market in all U.S. gold and silver coins and bullion-related products.

The best way to determine the percentage of your portfolio to be allocated into tangible assets is to discuss your goals with a Swiss America broker at **1-800-289-2646**.

**High Risk** category could include tech/high growth stocks, aggressive growth mutual funds, emerging markets, high-yield (junk) bonds, art, commodity future contracts, venture capital, gemstones, etc.

**Moderate Risk** category could include blue chip stocks, preferred stocks, mutual funds, stock/index options, leveraged real estate, equity partnerships, etc.

**Limited Risk** category could include residence, retirement plans, Treasury bonds, etc. SATC recommends investment-grade U.S. gold and silver coins in this category.

**Low Risk** category could include cash, T-bills, CD's, money market funds, annuities, etc. SATC recommends gold and silver bullion coins in this category.

# BULLION DOWN, COINS UP?

By Craig Smith, CEO, SATC

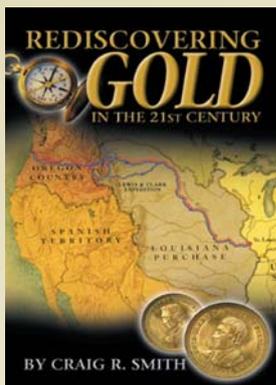
Daily gold bullion prices reflect the daily global economic environment - which has been very spastic since 2000. The long-term bear market in stocks together with a falling U.S. dollar have given added support to the new bull market in the gold and silver bullion markets in the 21st century.

While the U.S. gold and silver collectible coin markets are beneficiaries of rising gold bullion prices, they are not nearly as volatile as bullion. U.S. gold coins have a tremendous growing collector appeal, which often creates more demand than the available supply will accommodate. This law of supply and demand can cause rare coin prices to rise - even when gold bullion prices drop.

Investment grade U.S. gold and silver coins are fast becoming a new American icon because they offer financial stability, privacy and profit potential.

Speaking of icons, the 2002 auction of the one-of-a-kind 1933 Double Eagle Saint Gaudens coin brought in a record \$7,500,000.00 -- breaking all previous records for a single rare coin. Was the amazing price that the 1933 Saint Gaudens bought affected by a rising or falling gold bullion price that day? No, not by one cent. Why? Because it is a true rarity.

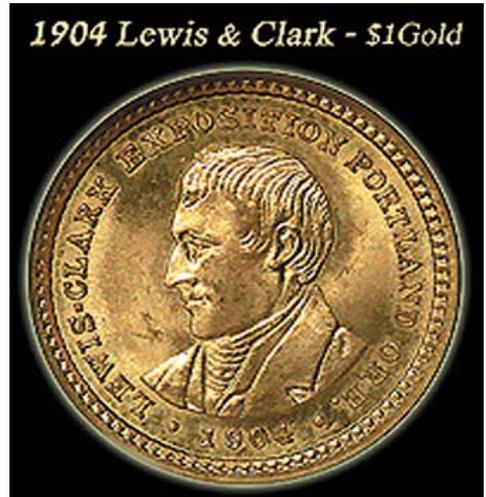
High quality U.S. rare gold coin prices are hardly affected by dropping bullion prices, such as U.S. Gold Commemorative coins (1903-1926), which have grown nicely in value ever since 1999. I cover this "golden" opportunity in detail in my book, *Rediscovering Gold in the 21st Century: The Complete Guide to the Next Gold Rush*.



The bottom line: A new gold rush is on today, but like any healthy market, prices should step ladder up, sideways, down, up, sideways, down.

All forms of gold are NOT created equal, nor do they perform equally. Consider U.S. gold coins as the perfect form of gold to own for long-term capital appreciation and 100% privacy. Consider their beauty, their rich American history and their global marketplace as the icing on the cake.

The Lewis and Clark Centennial Exposition was held in Portland, Oregon in 1905. A souvenir issue of gold dollars was struck to mark the event with the dates 1904 and 1905. The two famous explorers are represented on either side of the coin. A bronze memorial of the Indian guide, Sacagawea, who assisted in the famous expedition, was erected in Portland, Oregon and financed by the sale of these coins. (These are the only "two-headed" coins ever minted by the U.S. government.)



The exposition held in San Francisco in 1915 celebrated the opening of the **Panama Canal**. The five coins were struck at the San Francisco Mint and consisted of a \$1 gold piece, \$2.5 gold piece, two \$50 gold coins and a silver 50ct half. Very, very popular mini-set within this magnificent set.

The sale of the **McKinley** dollars aided in paying for a memorial building at Niles, Ohio the martyred president's birthplace. The obverse shows a profile of McKinley while the reverse shows the memorial building. These were struck in 1916 and 1917.

**Ulysses S. Grant's** centenary birth was commemorated in both silver and gold coins in 1922. The first Grant gold dollar issued contained a "star"; the second issue had "no star". The obverse shows a bust of Grant, while the reverse shows the frame house in Point Pleasant, Ohio where Grant was born April 27, 1822.

And last, but certainly not least, in 1926 a gold coin was authorized to commemorate the **Sesquicentennial of American Independence** (150th Anniversary). The obverse of this special gold quarter eagle (\$2.5) has a standing female figure symbolic of Liberty, holding in one hand a scroll representing the Declaration of Independence and in the other the Torch of Freedom. The reverse bears a representation of Independence Hall in Philadelphia.

**These little gems belong in nearly EVERYONE'S portfolio.** Whether you want to build towards an 11-coin or complete 13-coin set, or just want to include a couple of these into your overall portfolio, call your Swiss America representative. All coins are PCGS or NGC graded and are carefully hand selected for you by Swiss America ("sight-seen").

**Now is the time to take advantage of a buying opportunity in an area of the market that is offering a SAVINGS of 60%-75% from their all-time highs** (that means you are buying at .25 to .40 cents on the dollar). Act now to exchange some of your devaluing paper dollars into an ALREADY undervalued asset. This is a win-win situation for you AND your financial future!

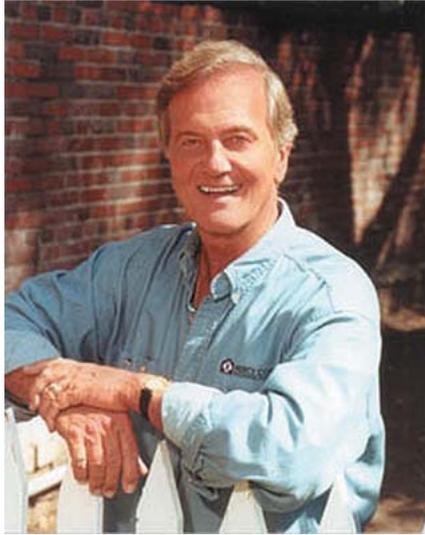
# LOSING LIBERTY

By Pat BOONE

You're looking at one fortunate guy.

I started to say "lucky" - but I know it's not luck. For reasons only God can explain to me some day, I am blessed. I was born in America, to begin with.

Though I'm blessed to have been born to exceptional and loving parents, and have a great brother and two beautiful sisters - if I had been born in Mongolia, or Yugoslavia or Pakistan, or indeed anywhere else in the world, my story would be vastly different.



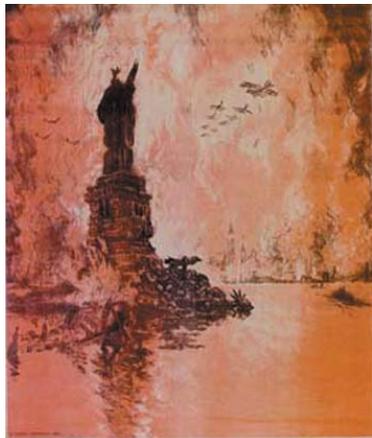
## A Blessed Nation

Above all other people on the face of the earth, we are the most blessed.

As you know, the first explorers and settlers who arrived here, welcomed by the Indians in most cases, were Christian people from various backgrounds and occupations, looking for a "promised land" where they could be free, and self-governed, make their own decisions about where they'd live, what they'd do and say, and above all be free to worship God as their consciences and their Bibles instructed them to do. They took enormous, almost incalculable risks, endured tremendous hardships, cut themselves off from everything in their past, and found their way through largely uncharted seas to a new land. And here, they founded a new society, a new Republic eventually, predicated upon - and dedicated to preserving - liberty

For over 200 years, our forbears fought numerous wars, shed blood on our soil and abroad, fought and argued and sacrificed, and many died, simply to defend and preserve our way of life, and its foundation - liberty.

In short, America, as folks my age knew it, in our younger years, was the closest thing to an ideal society this world has ever known, and it was certainly the envy of the rest of the world. We all thought it would go on forever that way, didn't we?



THAT LIBERTY SHALL NOT PERISH FROM THE EARTH

## Who could take away our liberty?

We were the strongest military power in the world, we were the richest nation in the world, one of the most populous, and we had proved again and again that we would successfully defend our rights against all opposition. Right?

How, then, have we become the generation that has begun to see our liberties lost, our

## WORLDVIEW PERSPECTIVES

### "A THREEFOLD CORD"

By David BRADSHAW

Editor, Idea Factory Press

The Scripture tells us that *"a threefold cord is not easily broken."*

**People of faith are called to create a legacy that will last at least three generations.** This threefold cord has many other applications to our economy, government, religion as well as our family, but it is this inter-generational family foundation that has come under major attack over the last 40 years that has helped to create the cultural mess we face today.

**The older I get, the more I see that we're beginning to witness a major change.** Today the hearts of fathers are being turned back toward their children...and their children's children. I believe that this renewal is bringing our thinking, emotions and spirit together for a divine purpose: To demonstrate that the people of faith are the world's best hope for the future.

**Scientists tell us that every cell in our body carries in it two DNA codes;** one code to bring the cell to maturity and reproduction, and another code to bring the cell into harmony and integration with the entire organism. It's part of God's natural design. So it is in the spiritual realm. God has placed within every person of faith an individual destiny of maturity and reproduction and a corporate destiny to integrate with the whole body.

**Nearly 20 years ago, Craig Smith and I co-hosted "World Economic Perspectives" and then "Worldview Perspectives"** a national daily/weekly radio program with a simple goal: To help Americans understand the historic foundations of free-market economics in light of current events. Over the years we interviewed hundreds of leaders, probing for the truth about debt, deficits, the dollar and tangible alternatives like gold and silver. We started a premise best stated by Christian economist R.E. McMaster in his book *NO TIME FOR SLAVES: "Government is Always Religion Applied to Economics!"*

In 2005, we will release the first hour of this 24-hour audio series FREE to the public, on a new CD: **"What's Your Worldview?"** It features top Christian strategists offering very practical tools for a widespread cultural transformation based on a biblical worldview. Some of the leaders have already passed on, like; **Ern Baxter, Dr. Edwin Cole and Dr. Walter Martin.** Others still walk among us, like; **Dennis Peacocke, Dr. Jack Hayford, David Barton, Dr. Tony Evans, Dr. Charles Simpson and Cal Thomas** (just a few of the 150 leaders in THE BIG PICTURE.

**Our prayer** is that "Worldview Perspectives" will help bring our readers a light into the dark, a hope for the hopeless and a new wisdom to those who seek it -- a threefold cord!

cherished freedoms slipping away, our ideal society dissolving into humanistic, secularist contentious chaos?

Is it possible - even thinkable - that after enjoying 200 years of unbridled freedom we, in one or two generations, can throw away, or have wrenched from us, all our liberties? We can - and it's happening!

A few years ago, Bill Clinton and Al Gore promised to "reinvent" the American form of government and to "redefine" what it means to be Americans in this century. And they set out vigorously to do it. Some of you remember as well as I, some of their earliest decisions and programs, sending shock waves through the military and through 260 million citizens!

Even before that, through the last two decades, laws that once provided order and restraint had been tossed out by high courts and local magistrates, often by fiat - individual pronouncement. As a consequence, crime and every form of immorality rage across the land today. Pornography, not just in innocuous brown mailers, but in celebrated movies, whole TV channels, best-selling books and magazines - and now on the Internet - has been legitimized

Bizarre, unnatural sexual practices are now protected, glamorized on award winning television shows - and promoted as "rights".

The family, always the cherished cornerstone of our society, is being torn apart and "redefined" by the liberal policies of government and cynical arbitrary judges. We - the richest nation on earth - have the highest crime rate, the highest incidence of murder and robbery, and the greatest percentage of its citizens behind bars of any country! From coast to coast, we are threatened by the greatest siege of barbarism since the fall of Rome!

Millions of peace loving citizens, who don't even know how to shoot 'em, want guns. Drugs are everywhere, available instantly to school kids - who are forbidden by their teachers to pray or do any schoolwork quoting the Bible. A people who always preached and practiced thrift and fiscal responsibility - are buried under trillions of dollars of debt. An aroused citizenry, just a few years ago, elected a new Congressional majority to carry out a Contract with America - and to this moment, that new majority has been so stymied by a liberal (largely non-elected) establishment - that includes most of the media, special interests and in some cases the President and his advisors, that they appear stalled, confused and disheartened.

### How has this happened?

The Greek philosopher Heraclites said, "A man's character is his fate."

In 1820 Alexis de Tocqueville, after a bloody French revolution that overthrew the government and the church and instituted a humanistic, atheistic regime, toured the United States and wrote a famous book. In it, he said, "America is great because America is good. If America ceases to be good, she will cease to be great.

Here was an objective outsider, trying to understand the open and honest and contagiously optimistic American society, correctly identifying the source - America's character.

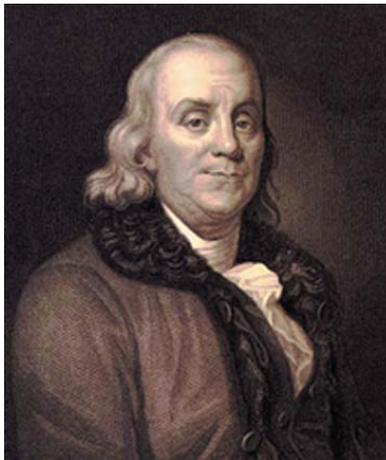
Almost 40 years before, old Benjamin Franklin - never labeled a religious fanatic by any means - said in 1787:

"Only a moral and virtuous people are capable of freedom; As nations become corrupt and vicious, they have more need of masters."

Yes, though ol' Ben Franklin, the author of POOR RICHARD'S ALMANAC, and world-class inventor, was never a regular churchgoer (and was known to enjoy more than one glass of wine on occasion), he rose in the middle of a stalled Constitutional Convention in 1787 and called passionately for prayer! Our history books have somehow largely ignored this climactic moment, but it is a matter of record that the Convention which had been assembled to write our Constitution was terribly embroiled in bitter debates over states' rights and representation, and some delegates had actually left the Convention.

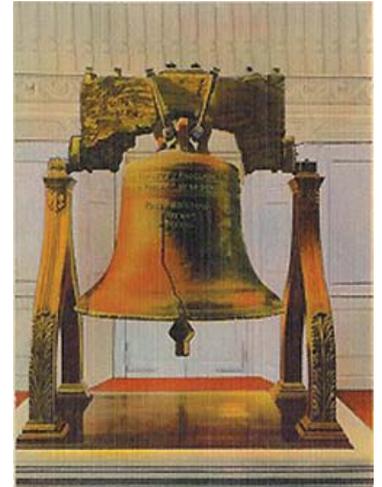
"God governs in the affairs of men"

James Madison records that 81 year old Ben Franklin, the Governor of Pennsylvania, and greatly respected by all present, rose to speak in this moment of crisis. In hushed silence, he reminded the delegates that when the 13 colonies had been threatened with tragedy and extinction in their war with Great Britain, just a few years earlier, "We had daily prayer in this room for Divine protection. Our prayers, Sir, were heard and they were graciously answered. All of us who were engaged in the struggle must have observed frequent instances of a superintending Providence in our favor.



To that kind of Providence we owe this happy opportunity of consulting in peace on the means of establishing our future national felicity. And have we now forgotten that powerful Friend? Or do we imagine we no longer need His assistance?

I have lived, Sir, a long time, and the longer I live, the more convincing proofs I see of this truth - that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His



notice, is it probable that an empire can rise without His aid?

We have been assured, Sir, in the Sacred Writings, that 'except the Lord build the House, they labor in vain that build it.' I firmly believe this; and I also believe that without His concurring aid we shall succeed in this political building no better than the Builders of Babel. We shall be divided by our partial local interests; our projects will be confounded, and we ourselves shall become a reproach and by word down to future ages.

And what is worse, mankind may hereafter from this unfortunate instance, despair of establishing governments by Human wisdom and leave it to chance, war and conquest.

I therefore, beg leave to move - that henceforth prayers imploring the assistance of Heaven, and its blessing on our deliberations, be held in this Assembly every morning before we proceed to business, and that one or more of the clergy of this city be requested to officiate in that service."

"The Doctor sat down; and never did I behold a countenance at once so dignified and delighted as was that of Washington at the close of the address; nor were the members of the convention generally less affected. The words of the venerable Franklin fell upon our ears with a weight and authority, even greater than we may suppose an oracle to have had in a Roman senate!"

Following Franklin's historical address, James Madison moved, seconded by Roger Sherman of Connecticut, that Dr. Franklin's appeal for prayer be enacted. Edmund Jennings Randolph of Virginia further moved:

"That a sermon be preached at the request of the convention on the 4th of July, the anniversary of Independence; and thenceforward prayers be used in ye Convention every morning."

### Things they never told you

Did you know that prayers have opened both houses of Congress ever since, to this very day?



Does that surprise you?

Haven't we been told that our forefathers weren't especially "religious" and that they wanted to establish a secular republic - that would of course, allow "religious" people to worship if they wanted to? And what about that "separation of church and state"?

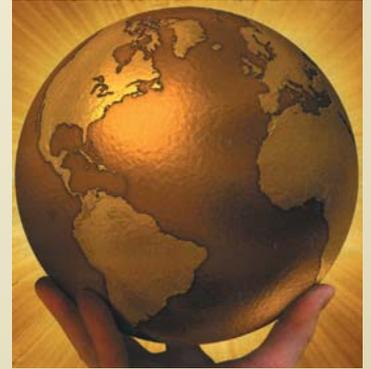
Yes, what about that "separation of church and state"? Didn't that originate with Thomas Jefferson?

Yes, it did, and though Thomas Jefferson wrote not only the Declaration of Independence but contributed in no small measure to the Constitution itself, the words "separation of church and state" are found nowhere in either document. But the principle Jefferson meant to convey in that five word term was expressed beautifully and completely in the First Amendment:

# GOLD IS...

By Bill Bonner, Daily Reckoning

Gold is the money with no one's picture on it.



It's the money that no central bank promotes... and none destroys.

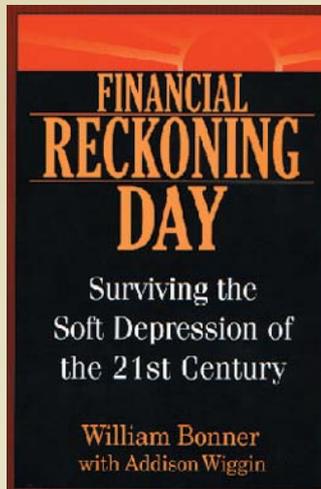
It's the money that exists only in its tangible form - a real metal; you can find it on the Periodic Table.

It's a real thing... real money.

"Gold goes up and down, just like other kinds of money," say economists. Which is true. "You can protect yourself from inflation in other ways," say the speculators. True again. "Gold pays no dividends or interest," say the investors. Also true.

Nor will gold cure baldness or add inches to your most private part. Even as money, gold may not be perfect. But we do not argue that it should be worshipped, only that it should be bought. As money, nothing is better.

Gold was around a billion years before the U.S. dollar was invented. It will probably be around a billion years after. This longevity is not in itself a great recommendation. You will not need it for that long. It would be like buying a suit with a 100-year guarantee; it would last longer than you do. But the reason for gold's longevity is also the reason for its great virtue as money.



**Gold is inert; it yields neither to time, technology nor vanity.**

[Ed. Note: FINANCIAL RECKONING DAY by Bill Bonner and Addison Wiggin is important reading. Read my review at [swissamerica.com](http://swissamerica.com)].

"Congress shall make no laws respecting the establishment of religion - nor restricting the free exercise thereof."

Later, in a letter he wrote to a church in Danbury, Connecticut in 1802, President Jefferson assured the Baptists that America would not become a Church of England state, and that government would keep its hands off all religious expression. Is that the way we hear it quoted today? Of course not.

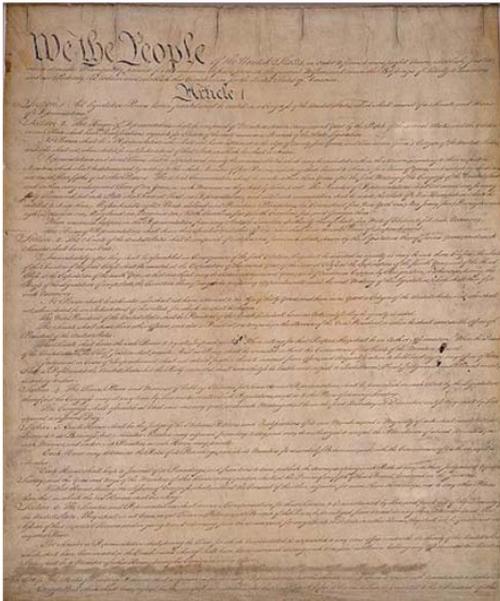
Few know, or certainly want to bring it to our attention, that while President, Thomas Jefferson and Congress appropriated tax payer funds for the building of more churches and payment to preachers who would "teach the Gospel" to the Indians! Taxpayer funding to preach the gospel! And further, while he was president, Thomas Jefferson often attended church on Sundays in Washington at the largest meeting place in the country - the Hall of Congress itself! On Sundays, Congress itself was a church!. Clearly Jefferson's wall was meant to be one dimensional, restricting any attempt by government to suppress or direct the people's expressions of faith.

### A Christian Coalition Takeover?

Many today are expressing concerns that a Christian Coalition is "seizing control" of school boards and local governments, trying to "force their views" on an unsuspecting public. It seems to have escaped their attention that The Christian Coalition is made up of the very type people that wrote the Constitution itself!

It may surprise you that early America, colonial and constitutional was 98% Christian! The other 2% was Jewish. And so this "Christian Coalition" put the Star of David and the Menorah on our currency. That's how biased they were.

I'll say it again. The Constitution itself was written by a Christian coalition! Further, the Constitution of the State of Delaware, following up on the expressed intentions of the writers of that document, required all office holders to swear in public their faith in God, in Christ, in the Holy Ghost and to acknowledge the divine inspiration of the Holy Scriptures! This is what our founding fathers, the framers of the Constitution, intended to preserve for us today! Were these men - and their spiritual descendants - unworthy of our trust?



Or have we become unworthy of theirs?

For 150 years, that old Constitution and its Amendments served us well, preserved a healthy and moral society that made us unique in human history. And as late as 1931 the U. S. Supreme Court declared in a decision, "We are a Christian people".

### What was that about a "secular" society?

And were we intended to keep God out of the affairs of state? Listen again to the Declaration of Independence: "We hold these truths to be self-evident - that all men are created equal, and endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness."

Wait a minute! These guys are reflecting their personal religious faith in a governmental document! And they're claiming that a Creator God is the actual source of all our inalienable rights! Why, that's - downright unconstitutional, isn't it?

No - that is the Constitution! A great Chief Justice once said, "The Declaration is the promise, the Constitution its fulfillment". Not only is the whole Constitution constructed on Judeo/Christian Bible principles, but one of the three main contributors to the substance of the Constitution, was John Jay. He became the first Chief Justice of the Supreme Court, whose duty was to interpret and underscore the original intentions of the founding fathers. He said, "This document has created a Christian society; its citizens would be well advised to select Christians to represent them." Do you suppose People For The American Way and the ACLU have missed that?

And what does the First Amendment to our Constitution say? I don't mean just the first part of it, that you so often hear quoted, but all of it? "Congress shall enact no laws establishing religion - nor restricting the free exercise thereof"! Wonder why there's so much emphasis these days on the first part of that Amendment, and almost no mention of the second half?

Well, many today are saying, "If you let "those Christians" have their way, they'll force their puritanical views on all of us, and we won't be a free society anymore." Wrong! The historical record proves exactly the reverse: the application of Judeo/Christian principles in the laws and policies of this nation actually provided unprecedented freedom for people of all faiths - and no faith, as well. Contrast that with the example of one atheistic woman, Madalyn Murray O'Hare, and her successful campaign to take away from a 95% majority of Americans the right to express their faith openly, in any public place! That's oppression of the majority, and a real subversion of intended freedom. It's a democracy turned upside down and backwards.

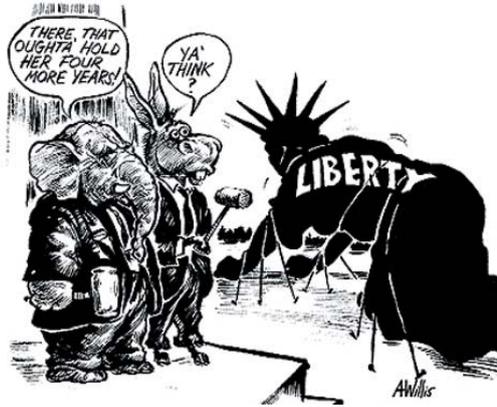
If ol' Ben Franklin could come back from the grave, he'd love to get his hands on the judge that rendered that decision, perverting and misusing the Constitution that Franklin himself prayed over.

People, this is our national, spiritual, philosophical DNA - it's our character - it's our identity - it was never supposed to change. But in the last 30 years, some political "scientists" have been doing genetic engineering, tampering, changing, altering our national character. And - as de Tocqueville prophesied, "If America ceases to be good, she will cease to be great."

## How is liberty lost?

Two ways - abuse and apathy.

We've talked plenty about abuse. The freedoms of press and speech have been so mercilessly stretched, taken advantage of, and misapplied that they now protect pornography, blasphemy, sedition, libel and slander, virtually every distortion man is capable of, and all claim the Constitution as their "protector". Currently, media moguls are berating the duly elected conservative Congress for threatening to "take away necessary funding for the Arts - slaughtering our culture in the name of financial responsibility."



WRONG! These men and women need to realize it's they who are "slaughtering our culture" and causing the threatened withdrawal of taxpayer funding because they have so abused our liberties that we don't recognize them anymore, and aren't sure we want them.

The guarantee of "inalienable rights" was perverted by the 1973 Roe v. Wade decision, which in turn has led to nearly 60 million child deaths in America since the decision. What started as apparent concern for a rape or incest victim, or a mother whose life was threatened, has been warped and misused into literal wholesale slaughter on the altar of expediency.

Freedom of religion has been distorted into freedom from religion. In our own governmental Department of Transportation there are several authorized gay and lesbian groups that meet regularly on government property, and under government auspices. But a Christian club that wanted the same freedom has been denied the same rights, because they wouldn't subscribe to the official government policy that homosexuality is an acceptable and alternative lifestyle, and wouldn't allow practicing homosexuals to be part of their membership. In other words, one group has rights - the other doesn't!

Liberty has been wrenched into grotesque license. That's what abuse does, inevitably, and that's why Ben Franklin said, "As nations become corrupt and vicious, they have more need of masters." When we lose our character, our spiritual DNA, we will inevitably lose our freedom. The other enemy is apathy.

Did you know that less than 52% of the registered Christian voters voted in 1992? There were even smaller percentages of other ethnic and racial groups, but morally committed Christians could easily have made the difference in the future of America simply by voting!

But there is abroad in the land a sense of helplessness, a futility, of "que sera sera", and "whatever will be, will be."

Our people are losing heart, losing resolve, losing hope - and that too is a result of our changing DNA, and the flagrant abuse of our liberties.

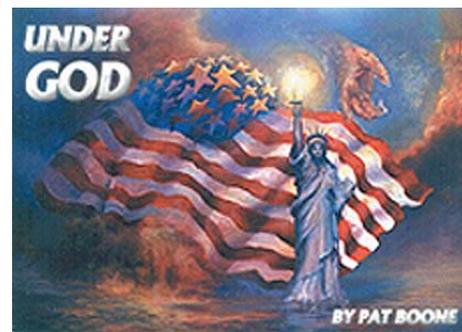
What can we do?

## Can lost liberty be regained? YES IT CAN!

First of all, CARE! Be informed, inform yourself about our origins, the intentions of our forefathers, and then rededicate yourself and your family to being Americans like Jefferson and Madison and Adams, and openly exhorting your neighbors to do the same.

ACT! Get involved in local school boards, write your representatives and senators, and even judges and mayors and governors frequently, and let them know what you think, and that you're watching what they do! And at the very least, VOTE in every election, no matter how inconsequential you may think it is. Countless Americans died to preserve that privilege for you - don't throw it away as if it had no value to you.

And finally, though most importantly, PRAY! Thundering through history, come the unrepealed words of the promise God gave to Solomon, "If My people, who are called by My name, will humble themselves and pray, and seek My face, and turn from their wicked ways, I will hear from heaven, I will forgive their sin, and I will heal their land." II Chron. 7:14)



I was privileged, along with Vonette Bright and Shirley Dobson, and a number of others, including Rabbis and various ministers, to be a leader in the group that convinced Ronald Reagan to sign into law the National Day of Prayer. That's the first

Thursday of May every year, but one day a year is not enough! You and I must pray, every day, privately and publicly, that God will restore our liberty, rebuild our national character, and that His will will be done on earth, as it is in heaven.

We need to repent, personally and nationally, and cry FREEDOM, in His name. For - "Where the spirit of the Lord is, there is liberty."

# TWO NATIONS UNDER GOD

## War of the Worldviews

By Dennis PEACOCKE, Pres. Gostrategic.org



As we all know, the United States of America, according to our Pledge of Allegiance, is declared to be, "one nation, under God, indivisible, with liberty and justice for all." As we also all know, our last two presidential elections have revealed just how divided we are as a body politic in terms of holding a unified worldview. Almost half of the voting public holds to a worldview which emerged with public conviction since the 1960's, and the other half holds to a more "traditional" view which reflects the Judeo-Christian values historically associated with what is called Western Civilization.

To simplify things, let us go to the heart of the "War of the Worldviews" issue, that is, do we live in a universe or multi-verse? Western Civilization since the fourth century or so has held to the concept of a "universe" which undergirded all dimensions of both private and public culture and institutions. A "universe" worldview essentially believes that there is One Supreme Being who created a physical-spiritual reality and the laws that govern that reality. And that creation reflects the Creator Himself and His intentional plans for His creation. In other words God the Creator is boss, in control, and blessing



and prosperity are found only in discovering His will and laws and complying with them. While in this world there is "choice," that choice is ultimately only about compliance or rebellion.

To the "multi-verse" worldview folks, if there is a God, he, she, or it reflects what mankind wants he, she, or it to be like because

mankind's thinking processes reason that this god-force reflects "reason" rather than a reality that stands outside of man's desires for himself. In other words for God to be God, God must be as man declares God to be. Following this logic, man's opinion is "God" and if God exists contrary to man's opinion, he, she, or it may be a god but not a god worth following. Hence rebellion is noble and courageous, and educated, intelligent people heroically demand that God either submit to mankind's wishes or suffer the consequences of man's legitimate rebellion. Poor God!

Now these "multi-verse" people don't say what I just said because most of them aren't either clear enough on the implications of their worldview or they haven't the courage to do so, or both. To do so would be "intolerant," "uncool," or not worth their time because we universe people wouldn't get it anyway. We are hopelessly lost and deluded in the simplicity of our single reality and its attendant absolutes. We don't admit to the true reality of many ways to many gods; the validity of all values and opinions (except our own); and the fact that the



notion of absolute values of right and wrong steals from man his options of conscience-free choices. After all, each person's values deserve to be true simply because they are "ours."

Saying things like this makes the "multi-verse" people really irritated because it challenges their personal peace and even threatens the validity of their multi-verse educational systems which cost them big dollars and certified their correct worldview with a diploma. Rational or logic-driven discussions are difficult and therefore they usually end up with the multi-verse people calling the universe people bad names like "Nazi" or other tolerant words like that. So what about "two nations under God?" We are here, more or less, and will likely stay here until one side or the other side's worldview proves itself grounded in more reality than the other and produces more conclusive results. The division won't quietly go away and it shouldn't, because this critical war of the worldviews holds within itself the possibility for the genuine renewal this nation desperately needs. Without tension there will be no passion; and without passion there will be no desperation; and without desperation the release of renewal is impossible, and that is... THE BOTTOM LINE.

# ATOMIC IRAN

Foreword By **Craig R. Smith**

**The truth is stranger than fiction.**

-Mark Twain

NUCLEAR PROLIFERATION is the most serious international security threat the world faces today. When the cold war ended and the Soviet Union imploded, many Americans thought the risk of nuclear war had been greatly reduced. But today, because of terrorism, the threat of a nuclear attack on a major city-in the United States or somewhere else in the world-may be higher than ever.

This threat is only increased as terror-sponsoring states achieve nuclear capability. Iran, arguably the leading terror-sponsoring state in the world, is about to join that club.

In Atomic Iran, Jerome R. Corsi brings this issue home, starkly raising the question: Can the free world tolerate the growing threat that a major city could be blown off the face of the earth by a softball-sized lump of uranium-235 "yellowcake" that could easily be smuggled across borders in a briefcase by a terrorist under orders from Osama bin Laden or a mad Iranian mullah?

Corsi's impeccable research, similar to that which undergirded the runaway New York Times best seller *Unfit for Command*, explains exactly how close Iran is to achieving this nuclear capability. You are about to discover the shocking truth, which has until now been largely overlooked by the U.S. mass media-even after the glaring agreement on this crucial issue by both candidates during the 2004 presidential debates.

Hold on tight as you travel with Corsi on a nuclear fact-finding mission that reads more like a best-selling suspense novel than the journalistic exposé it is. This book documents the cold, harsh truth about this urgent issue with style. It is simultaneously easy to understand for the layman yet meticulously documented for the skeptic or naysayer.

Americans are typically short-term thinkers. We're so busy working to produce and enjoy the "good life" that it's easy to miss our growing vulnerability to another major terrorist attack. Tom Ridge, former secretary of the Department

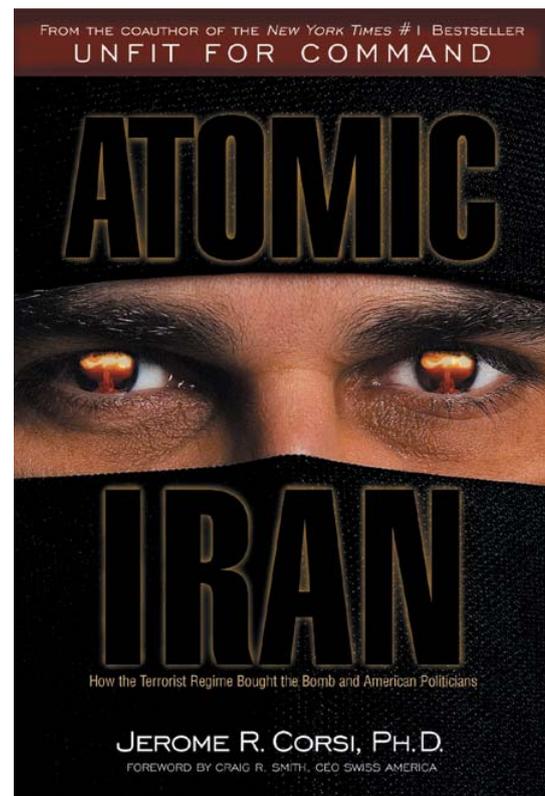
of Homeland Security, observed: "Homeland Security has to be right 100 percent of the time, but the terrorists only have to be right once!"

My hope is that this book will serve as a wake-up call, not only to Americans who have grown complacent about their security since the end of the cold war and even since September 11, 2001, but to our policy makers as well.

As a businessman-and as an American-I urge you to take Corsi's admonitions seriously and to use them to make wise decisions about preparing for your future and the future of your country. I shudder to think about the potential consequences if the message of this book is not heeded by our leaders and elected officials at all levels-especially by our president, vice president, senators, and representatives.

After reading this book, I felt compelled to share it with my family, friends, and associates. I hope you will do the same.

ATOMIC IRAN, published by Cumberland House Publishing is \$26.95, HARDCOVER (\$37.95 CANADA) Release Date: March 26, 2005. Call 800-289-2646 to order your copy today or visit [swissamerica.com](http://swissamerica.com).





# Farah Radio Show FINDS NEW HOME

## New network formed with daily program as anchor

Joseph Farah's WorldNetDaily Radioactive, the daily, nationally syndicated radio show featuring WND's founder has found a new home beginning Monday, Feb. 7. A new network, Golden Broadcasters, has been formed with the live, three-hour, drive-time program as the flagship.

The new Dallas-based company will be a full-service network providing programming, radio production, Internet streaming, satellite delivery and sales and affiliate relations. Farah will continue broadcasting from the nation's capital, Washington, D.C.

Joseph Farah's WorldNetDaily Radioactive, which has broadcast from coast to coast on some 66 affiliates for the last two years with Radio America, will be the first show delivered by the new enterprise and serve as an anchor for additional programming being developed and recruited.

As in the past, the show will air Monday through Friday from 3 p.m. to 6 p.m. Eastern with a refeed from 9 p.m. to 12 midnight on ABC Starguide, Transponder 23, Satellite AMC-8.

"This is a very exciting development for me," said Farah. "I had more than one offer to sign up with existing networks, but partnering with a brand new company, Golden Broadcasters, created specifically to bring this show to millions of new listeners was an opportunity I couldn't refuse. The talent involved in this endeavor is truly awe-inspiring."

Golden Broadcasters is headed by Jeff Dorf, a career broadcasting executive who directed two major radio networks and numerous radio stations over a 35-year career.

Joining Dorf as executive vice president is Bruce Marr, most well-known for having "discovered" Rush Limbaugh and being the pivotal broadcaster to launch the king of talk radio's network career.

Craig Smith, president and founder of Swiss America Trading Company, the country's premiere gold dealer, has lent his support to the program and network as an adviser and founding sponsor.

They are joined by David M. Bradshaw, writer, producer and marketing consultant, and Edward L. Lubin, a veteran of radio and TV broadcast sales, syndication and production.

"Golden Broadcasters will bring to local radio stations the kind of programming they have been searching for - thought-provoking, topical, issue-oriented shows like Joseph Farah's, shows that do not insult or alienate the listener," explained Dorf.

Besides providing the show to local broadcast affiliates in the United States, the network will also make the show available to satellite networks and for Internet streaming direct to listeners around the world.

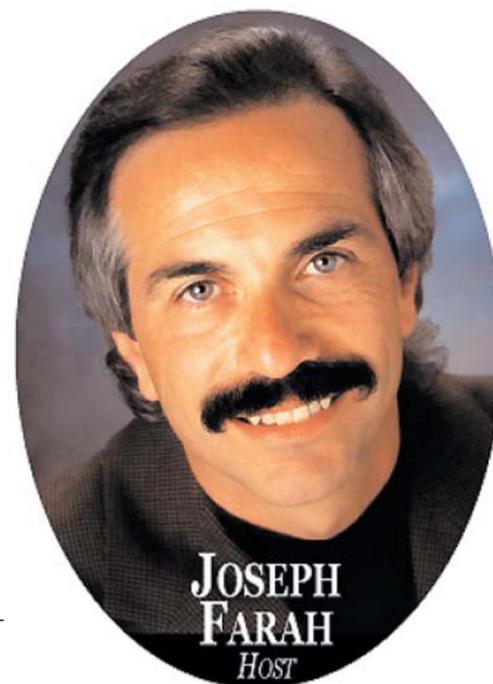
The show is the only nationally syndicated daily radio program to spring from an Internet content site - WorldNetDaily.com, founded by Farah and his wife, Elizabeth, in 1997.

The show has proved popular because of WorldNetDaily's immense reader base of more than 6 million and because Farah, the editor of the dynamic Internet news resource known for breaking the big stories, combines his unique insights as a daily columnist with 30 years of experience as an intrepid, investigative newsman.

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For more information about WND's Radioactive with Joseph Farah or Golden Broadcasters contact Jeff Dorf: 866-219-3725

WND Radioactive w/ Joseph Farah -- LISTEN LIVE at swissamerica.com -- M-F 3-6PM EST





# DIRTY WAR

## Dramatizes Attack on London

By Laura Urbani, TRIBUNE-REVIEW

"Dirty War" offers a quick primer on the works of a terrorist organization. Detective Constable Sameena Habibullah (Koel Purie) joins Scotland Yard's anti-terrorist unit. Colleague Mike Drummer (Martin Savage) quickly instructs Habibullah on the intricacies of terrorist cells. There are logistics cells, which are usually embedded nationals. Reconnaissance cells are foreigners who scout locations. Attack cells are foreigners, brought in at the last moment to make the attack. The cells do nothing of each other. Each cell reports to one man, the agent who manages the entire operation. That makes detecting a terrorist cell incredibly hard.

"Dirty War" also explores the complexities facing governments. Officials debate how much information should be released to the public before panic ensues and how can any security force be prepared for every possibility.

"Dirty War" focuses more on political battles and events than on personal stories. The only emotional storyline is the one between Corrigan and his wife, Liz (Louise Delamere), who works at a local hospital.

While scenes follow the government's attempts to rehearse disaster scenarios, the terrorists move into a safe house and begin building their bombs. The terrorists are portrayed as normal men, one even has a wife and four-year-old son. They live in modest houses and wear regular clothing. They do not seem the type to plan a city's destruction.

Perhaps the most chilling scene comes at the end. Habibullah and Drummer interrogate bombing mastermind Abu Abassi (William El Gardi). When they inform him that Pakistani police have arrested his wife and sent his son to an orphanage, Abassi coldly says adversity will make him strong for Allah.

"We expect your retaliation," says Abassi. "It is what unites us and divides you."

**Ed. NOTE:** I watched this documentary-style presentation and it was well worth it to gain clarity into the importance of Homeland security efforts to control our borders. It also gives us a glimpse of how fragile our precious freedom is. The potential damage to a major city from such a bombing would send ripples around the world, effectively damaging the delicate economic balance. Not a pretty picture, but one that must be at least considered. Closing clip leaves plenty to think about: *"...Thousands of businesses in the contaminated zone (3.5 miles square) have been forced to close. Millions in pensions, savings and trust funds may never be recovered. London house prices continue to plummet. Analysts warn that the full cost of the bombing is impossible to calculate..."* ... BE PREPARED! -DMB

# A Final Word...

By Craig R. SMITH, CEO SATC

**What makes Swiss America so different from our competitors?**

- A fair price?
- Prompt delivery?
- A 23-year track record?

**The answer is yes to all of the above, but there's much more.**



**For example, our brokers. They are the very best of the best. Men and women who believe that service precedes leadership, who are willing to invest their time and talent to help you find a way to own the very best U.S. gold and silver coins.**

**Then there's our support staff. They are 100% committed to helping make your tangible asset trade a smooth transaction. It is these behind-the-scene staffers that have helped build Swiss America into the nation's leader we are today. But there's more.**

**Swiss America is also on a mission to share the economic wisdom of the ages with our readers and clients to help them become a part of the solution, instead of being part of the problem. For that reason we provide educational Web sites, CDs, DVDs, Newsletters, White Papers that are full of current market news and trends which helps you to build knowledge, which we hope ultimately leads to wisdom. I know of no other firm that makes this claim, nor that chooses to invest resources to accomplish it.**

## Where do you go from here?

**Simple, take some time to consider what is really going on, which we have tried to capsulize in this RMP issue and then call us back to discuss the specifics of how to build your tangible asset portfolio. But please, don't put it off too long. We live in a critical time of increasing financial challenges which demands economic solutions!**

*"Don't wait to buy gold, buy gold and wait!"*

# CREDENTIALS



- **300 YEARS COMBINED EXPERIENCE BROKERING U.S GOLD & SILVER COINS.**

- **WE HAVE SERVICED OVER 500,000 INQUIRES IN 23 YEARS OF BUSINESS**

- **WE HAVE SERVICED OVER 33,000 CLIENTS IN 23 YEARS OF BUSINESS**

- **WE HAVE NO UNRESOLVED COMPLAINTS IN 23 YEARS**

- **COIN INDUSTRY AFFILIATIONS:**

American Numismatic Association (ANA) - Life Members  
Industry Council for Tangible Assets (ICTA) -Member  
Numismatic Guaranty Corp (NGC) - Dealer  
Professional Coin Grading Services (PCGS) - Dealer

- **ENDORSED BY:**

AMERICAN RED CROSS, Preparing Wisely video  
ERNIE BROWN, Talk show host  
DERRY BROWNFIELD, Talk show host  
G. GORDON LIDDY, Talk show host  
JAMES ROBISON, TV Talk show host  
JAY JONES, TV Talk show host  
MICHAEL SAVAGE, Talk show host  
PAT BOONE, Entertainer, spokesperson  
DR. JEROME CORSI, Author,  
JOSEPH FARAH, WND Founder, Talk host

- **FEATURED INDUSTRY PUBLICATIONS:**

- Coin Dealer Newsletter, cover 1/01
- Numismatist Magazine, 10/01
- Coin World, 9/01
- World Proof Numismatic Assoc., 8/01

- **NEWSPAPER & NEWS MAGAZINES:**

- KIPLINGER'S MAG. 1/03
- Star Tribune, 03/02
- USA TODAY, 6/93
- THE WALL STREET JOURNAL, 7/93
- THE NEW YORK TIMES, 8/98
- NEWSWEEK, 6/93
- TIME, 6/93
- ARIZONA REPUBLIC, 9/87

- **NATIONAL TELEVISION**

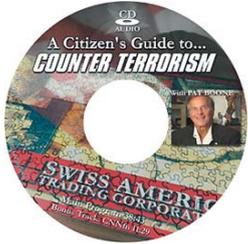
- CNNfn Market Call, 12/04
- FOX & FRIENDS, 6/04
- CNBC Morning Call, 6/04
- CNNfn's The Money Gang, 1/04
- CNNfn Business Unusual, 8/00
- CNBC MoneyBowl, 1/99
- FOX NEWS, 7/98
- PBS - This is America, 9/99
- TNT, 7/99 CBS NEWS, 6/99
- NBC NEWS, 7/99
- ABC NEWS, 5/99
- TBN, Economic Feature 96-97
- CBN 700 Club, 4/90
- LIFE TODAY, TBN 6/99

# MULTIMEDIA EDUCATIONAL RESOURCES



## CNN REDISCOVERS GOLD WITH CRAIG R. SMITH - DVD

A tribute to CNNfn's excellent coverage of the 21st century gold rush, a limited edition DVD which includes three CNNfn interviews with Swiss America CEO and author Craig R. Smith between 2000-2004. (20 min.)



## A CITIZEN'S GUIDE TO COUNTER TERRORISM - DVD/CD

Featuring dozens of simple but important steps we can all take to make sure that our family, home finances and our community are PROTECTED. (1 hour)



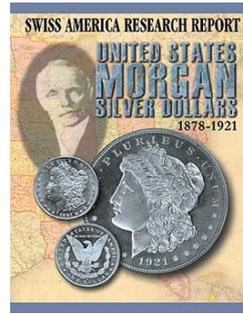
## SAVAGE -- THINGS THEY NEVER TOLD YOU ABOUT GOLD -CD

Michael Savage Interviews Craig Smith discussing geopolitical and economic trends, portfolio diversification strategies and his projections for tangible assets in 2004 and beyond. (44:30 trt)



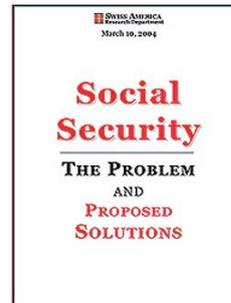
## WHAT'S YOUR WORLDVIEW? - CD INTRO: THE BIG PICTURE

Idea Factory Press has a new CD from "The Big Picture" archives. Features top strategists challenging the faithful to a "world-changing" transformation based on a biblical worldview.



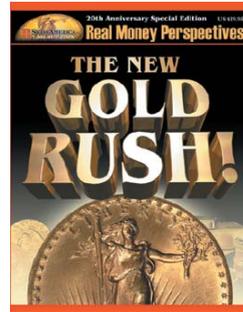
## MORGAN SILVER DOLLAR RESEARCH REPORT

This new Swiss America Special Report examines gem quality (MS-65) grade Morgan Silver Dollars, their history, growing popularity and viability as a long-term investment.



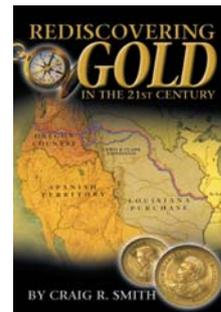
## SOCIAL INSECURITY: THE PROBLEM AND PROPOSED SOLUTIONS

This Swiss America Special Report examines three proposed government solutions and six proposed private sector solutions, including our own plan to unite America.



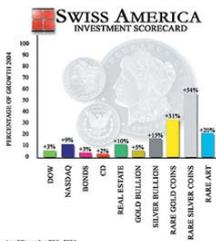
## THE NEW GOLD RUSH!

Suddenly, market bubbles are deflating, scandals are erupting and gold is emerging as the ultimate hedge against uncertainty. Welcome to the era of "common sense economics." Published in 2002, this 32-page magazine announces the new bull market in gold.



## REDISCOVERING GOLD IN THE 21ST CENTURY By Craig R. Smith

*The Complete Guide to the Next Gold Rush*  
A primer for both the interested investor and collector that traces the history of U.S. gold coins, valuation and pricing factors, market cycles, independent certification and the effect that growing public demand has upon shrinking supply.



## 2004 INVESTMENT SCORECARD

PHX, AZ - (IFN) - Tangible asset investments again outperformed stocks, bonds and CD's in 2004, according to Swiss America CEO, Craig R. Smith, who just released his 2004 Investment Scorecard in a 2005 Special Report.

**IMPORTANT INFORMATION:** The information in this RMP newsletter is believed to be true. However, errors are possible and Swiss America Trading Corporation can make no guarantee of future performance of any investment based on past performance. All investment has risk. 1. Swiss America Trading Corporation, its principals and representatives in no way guarantee a profit or guarantee against a loss on any coin you purchase. 2. The rare coin market is volatile and thinly capitalized. Significant price swings in a short period of time are possible. 3. Certification by PCGS or NGC does not guarantee protection against the normal risks associated with potentially volatile markets. 4. The degree of liquidity for certified coins will vary according to the general market conditions and the particular coin involved. For some coins, there may be no active market at all at certain points in time. 5. Population report information is provided for information purposes only. Population figures should not be the sole reason for purchasing a coin. Population figures are constantly changing as services grade coins on a daily basis. "Sight-seen" coins command a substantial premium in many issues versus "Sight-unseen" coins.



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